

term is defined under the CAT Agreement), and (iii) use commercially reasonable efforts to complete winterization of the Mobile Mining Equipment in accordance with the requirements and directions of CAT, Caterpillar Inc., Zeppelin International AG and/or Zeppelin Armenia LLC before November 1, 2019 or such other date as CAT may otherwise agree (provided that CAT acknowledges that access required to complete winterization of the Mobile Mining Equipment may be restricted by the ongoing blockades);

- (p) At Lydian's sole cost and expense, Lydian shall (i) provide to ING (or its authorized representatives) free and unrestricted access and rights to inspect at any time in ING's and SEK's discretion all equipment acquired with proceeds drawn under the SEK Agreement situate on or delivered to the Project site at any time prior to or during the Forbearance Period (provided that ING and SEK acknowledge that such access may be restricted by the ongoing blockades), (ii) provide to ING (or its authorized representatives) records of any and all maintenance performed to date on such equipment, and (iii) use commercially reasonable efforts to complete winterization of all equipment financed with proceeds borrowed under the SEK Agreement in accordance with the requirements and directions of ING and/or the supplier of such equipment before November 1, 2019 or such other date as ING may otherwise agree (provided that ING acknowledges that access required to complete winterization of such equipment may be restricted by the ongoing blockades);
- (q) At Lydian's sole cost and expense, Lydian shall (i) provide to Ameriabank (or its authorized representatives) free and unrestricted access and rights to inspect at any time in Ameriabank's discretion all equipment acquired with proceeds drawn under the Ameriabank Agreement situate on or delivered to the Project site at any time prior to or during the Forbearance Period (provided that Ameriabank acknowledges that such access may be restricted by the ongoing blockades), (ii) provide to Ameriabank (or its authorized representatives) records of any and all maintenance performed to date on such equipment, and (iii) use commercially reasonable efforts to complete winterization of all equipment financed with proceeds borrowed under the Ameriabank Agreement in accordance with the requirements and directions of Ameriabank and/or the supplier of such equipment before November 1, 2019 or such other date as Ameriabank may otherwise agree (provided that Ameriabank acknowledges that access required to complete winterization of such equipment may be restricted by the ongoing blockades);
- (r) Lydian and Lydian Armenia shall notify each Creditor of the balance of the Lydian Group Members unrestricted cash on hand on each Friday of each week and shall provide such additional updates as any Creditor may reasonably request, within one (1) business day of receiving such request;

- (s) Lydian and Lydian Armenia shall, on request, provide the Creditors with such information that the Creditors may reasonably request to ensure that the foregoing covenants are complied with;
- (t) Lydian and Lydian Armenia shall ensure that all payments and reimbursements have been made for premium, premia, commission and any other amounts necessary for effecting and maintaining in force insurance policies relating to Political Risk Insurance (as defined in the CAT Agreement) pursuant to the terms of the CAT Agreement and such payments and reimbursements will be made promptly with respect to any premium, premia, commission or other amounts necessary for effecting and maintain in force insurance policies relating to Political Risk Insurance following the date hereof;
- (u) Lydian shall provide to the Creditors, within ten (10) business days after the end of each month, as set out in the cash flow forecast in Exhibit "C", commencing with the month ending October 2019, a variance report accurately detailing any discrepancy between (i) the actual monthly cash expenditures of Lydian and Lydian Armenia during such month and (ii) the budgeted aggregate monthly cash expenditure of Lydian and Lydian Armenia for such month;
- (v) Representatives of Lydian shall, if requested by any of the Creditors, attend a weekly update call with such Creditors;
- (w) Lydian shall maintain a National Instrument 43-101 oversight committee (the "43-101 Committee"), comprised of representatives of Lydian and representatives from each of the Senior Credit Lenders. The 43-101 Committee shall meet on a weekly basis, unless otherwise agreed upon between the members of the 43-101 Committee, for the purposes of: (i) engaging in discussions with the Qualified Person (as defined in National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*) and engineering firm retained by Lydian (the "Engineering Firm") on the design and implementation of a process (the "43-101 Process"), leading to the delivery of a Form 43-101F1 Technical Report (the "43-101 Report") and ancillary documents, (ii) receiving weekly information and progress reports on the status and implementation of the 43-101 Process, and (iii) providing feedback and commentary to the Qualified Person and the Engineering Firm and any other relevant persons on the implementation of the 43-101 Process and the development of the Form 43-101F1 Technical Report and ancillary documents. Lydian shall: (i) promptly (and in any event within two Business Days of any request from any Creditor) provide to a Creditor all information and copies of any documentation related to the matters described in this Section 2.5(1)(v) and available to Lydian as such Creditor may request, and (ii) promptly (and in any event within two Business Days following the preparation of the 43-101 Report) provide a copy of the 43-101 Report to each Creditor (following the preparation of such report);

- (x) Lydian shall use commercially reasonable efforts to satisfy the Green Light Condition throughout the Forbearance Period; and
- (y) Lydian shall retain Knight Piésold Consulting to review and report to the Creditors on the Earth Link & Advanced Resources Development's environmental audit report with respect to the Project (the "ELARD Report") and Lydian's response to the ELARD Report, on terms acceptable to the Senior Credit Lenders.
- (z) by no later than November 1, 2019, Lydian Armenia and Lydian shall execute and deliver in favour of ING and SEK an amendment agreement amending the SEK Agreement, in form and substance satisfactory to ING and substantially similar to CAT Third Amendment, pursuant to which Lydian Armenia and Lydian shall, if any when requested by ING and/or SEK (i) confirm receipt of a foreclosure notice in relation to the extra-judicial foreclosure of the security granted to ING and/or SEK to secure the obligations under the SEK Agreement and (ii) waive, unconditionally and irrevocably, any applicable notice period and permit ING and SEK to realize immediately (by way of direct sale, public auction and/or transfer of collateral to SEK and/or ING or any other third party selected by ING and/or SEK) on such security prior to the expiry of any applicable notice period.
- (aa) by no later than November 1, 2019, Lydian Armenia and Lydian shall execute and deliver in favour of Ameriabank an amendment agreement amending the Ameriabank Agreement, in form and substance satisfactory to Ameriabank and substantially similar to CAT Third Amendment, pursuant to which Lydian Armenia and Lydian shall, if any when requested by Ameriabank (i) confirm receipt of a foreclosure notice in relation to the extra-judicial foreclosure of the security granted to Ameriabank to secure the obligations under the Ameriabank Agreement and (ii) waive, unconditionally and irrevocably, any applicable notice period and permit Ameriabank to realize immediately (by way of direct sale, public auction and/or transfer of collateral to Ameriabank or any other third party selected by Ameriabank) on such security prior to the expiry of any applicable notice period.

ARTICLE 3 CREDIT DOCUMENTS

Section 3.1 Amendment to Senior Credit Agreement.

- (1) Orion, RCF, Lydian Armenia and Lydian agree that from and after December 21, 2018, the covenants in Sections 3(c) and 3(d) of the eleventh amending agreement dated September 28, 2018 ceased to apply.
- (2) Orion, RCF, Lydian Armenia and Lydian agree that from and after December 21, 2018, the covenants in Section 2 of the twelfth amending agreement dated November 2, 2018 ceased to apply.

Section 3.2 Designation under Credit Documents

- (1) This Agreement is hereby designated by Lydian Armenia, Lydian, Orion and RCF as a Loan Document (as defined in the Senior Credit Agreement).
- (2) This Agreement is hereby designated by Lydian Armenia, Lydian, Osisko and RCF as a Stream Document (as defined in the Stream Agreement).
- (3) This Agreement is hereby designated by Lydian Armenia, Lydian and CAT as a Loan Document (as defined in the CAT Agreement).
- (4) This Agreement is hereby designated by Lydian Armenia, Lydian, ING and SEK as a Finance Document (as defined in the SEK Agreement).
- (5) This Agreement is hereby designated by Lydian Armenia and Ameriabank as a Loan Document under the Ameriabank Agreement.

**ARTICLE 4
REPRESENTATIONS, WARRANTIES, ACKNOWLEDGEMENTS AND EVENTS OF
DEFAULT**

Section 4.1 Representations, Warranties and Acknowledgements.

- (1) Except as expressly provided in this Agreement, nothing contained herein nor any action taken in accordance with this Agreement shall be deemed to amend, waive or consent to the modification, waiver or consent of any other term, condition, covenant or agreement contained in any Credit Document, or be deemed to be a waiver of any existing or future "Default" or "Event of Default" (in each case, or such similar term used under the Credit Documents) under any Credit Document. Each of Lydian (on behalf of itself and the other Lydian Group Members) and Lydian Armenia acknowledges and agrees that this Agreement does not release any of them from any obligations under the Credit Documents, except as provided by this Agreement, and that, as modified by this Agreement, all of the terms, conditions, covenants, agreements and other provisions contained in the Credit Documents are hereby ratified and confirmed in all respects and shall remain in full force and effect.
- (2) Each of Lydian (on behalf of itself and the other Lydian Group Members) and Lydian Armenia acknowledges and agrees that at the expiration of the Forbearance Period, the Creditors have no obligation to continue to forbear and may declare any of the Specified Events of Default and exercise any default-related rights or remedies in respect of the Specified Events of Default, in each case, subject to the Intercreditor Agreements, as if the forbearance hereunder had not occurred.
- (3) Each of Lydian (on behalf of itself and the other Lydian Group Members) and Lydian Armenia acknowledges, confirms, represents, warrants, covenants and agrees that:
 - (a) this Agreement and any other agreements or documents entered into pursuant to this Agreement have been duly authorized, executed and

delivered to the Creditors by it to the extent a party thereto, are in full force and effect, and constitute legal, valid and binding obligations enforceable against it in accordance with their terms;

- (b) the authorization, execution and delivery and performance of this Agreement by it does not and will not (i) violate any applicable law, any regulations or any order, declaration or judgment binding on it, any consent, license, permit or approval to which it is a party or a beneficiary, or any agreement to which it is a party, (ii) conflict with any Lydian Group Member's constating documents, or (iii) result in, or require, the creation or imposition of any lien, security interest or encumbrance on any of its assets, property or undertaking, whether now owned or hereafter acquired;
- (c) each of the recitals contained herein is true and correct in all material respects, and such recitals form an essential part of this Agreement;
- (d) each of the representations and warranties made by on or behalf of the Lydian Group Members in any of the Credit Documents was true and correct when made, and in all material respects, or in all respects to the extent such representations and warranties are already qualified by materiality, remains true and correct on the date hereof (except to the extent stated to be made only as of a specified date, and except to the extent that any such representation or warranty is not true or correct by virtue of the Specified Events of Default), with the same full force and effect as if each of those representations and warranties had been made by the applicable Lydian Group Member on the date of, and within, this Agreement;
- (e) all information provided by the Lydian Group Members, or any of their respective agents, is true, correct, and complete in all material respects, as of the date provided and does not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading;
- (f) the Specified Events of Default constitute one or more "Events of Default" (or such similar term used under the Credit Documents) under one or more of the Credit Documents and, but for this Agreement, entitle the applicable Creditors to accelerate the maturity and demand immediate payment in full of all indebtedness and obligations of the Lydian Group Members pursuant to their respective Credit Documents, and to immediately exercise their rights and remedies under their respective Credit Documents and to enforce liens, encumbrances and security interests in respect thereof and under applicable law;
- (g) no "Default" or "Event of Default" (in each case, or such similar term used under the Credit Documents) under any Credit Document exists other than the Specified Events of Default;

- (h) the Creditors have not waived the Specified Events of Default and nothing contained in this Agreement or the transactions contemplated by this Agreement is or will be deemed to constitute any such waiver;
- (i) the Credit Documents constitute legal, valid and binding obligations of the Lydian Group Members party thereto, enforceable against them in accordance with their respective terms, and the Creditors have and shall continue to have, as applicable, valid, enforceable and perfected liens, encumbrances and security interests created thereby, subject only to liens, encumbrances and security interests permitted in the respective Credit Documents and as may have otherwise been agreed to in writing by the Creditors;
- (j) except for the matters, facts or events giving rise to the Specified Events of Default, there is no matter, fact or event that is known to it that has not been disclosed to the Creditors that is likely to have a material adverse effect on the performance of their obligations under this Agreement, and it has conducted such investigations as it considers reasonably necessary to make this representation and warranty;
- (k) to the knowledge of Lydian and Lydian Armenia, all liens, encumbrances and security interests in respect of the Credit Documents have been properly perfected and registered, as the case may be, in all applicable jurisdictions;
- (l) the indebtedness of Lydian and Lydian Armenia pursuant to the Facility Agreements is unconditionally owing by Lydian and Lydian Armenia to the Creditors, without any valid claim for set-off, deduction, counterclaim, damages or any other defence of any kind, nature or description whatsoever;
- (m) the Lydian Group Members do not have any claims of any kind whatsoever against the Creditors, or any of their respective employees, advisors, officers, directors, affiliates or representatives;
- (n) no action, suit, litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of any Lydian Group Member, threatened by or against or affecting any Lydian Group Member or against any of their property or assets, in each case, with respect to any of the Credit Documents or any of the transactions contemplated hereby or thereby;
- (o) further interest, fees, costs, expenses and other charges shall continue to accrue and be incurred on and in respect of the indebtedness under the Credit Documents in accordance with their respective terms; and
- (p) subject to applicable law and the relief granted by the Creditors hereunder, the Creditors are and will be entitled to the rights, remedies and benefits provided under the Credit Documents, this Agreement and under applicable law.

- (4) Each of the Creditors hereby confirms (and each of the Lydian Group Members acknowledges) that, except as described in Section 2.2(2) in the case of the Senior Credit Lenders, none of such Creditors (respectively) has asked for or will receive (directly or indirectly) payment of any amount or the benefit of any Security or Guarantee from any Lydian Group Member in connection with, or in consideration for, entering into this Agreement or any matter related hereto or the making of any advances to any Lydian Group Member.
- (5) Each of the Creditors hereby confirms in respect of itself that, except for this Agreement and the Intercreditor Agreements (copies of which are attached hereto as Exhibit "D"), it has not agreed to any arrangement(s) or agreement(s) with any other Creditors or with any of the Lydian Group Members in relation to any default or event of default (howsoever described) under any Facility Agreement or otherwise in relation to the subject matter of this Agreement.
- (6) Orion agrees in favour of the other Creditors not to amend any of the Intercreditor Agreements during the Forbearance Period.
- (7) Lydian shall notify each of the Creditors of any fees, expenses or other amounts, other than any fees, expenses or other amounts contemplated in Exhibit "C" attached hereto, to be paid to any Creditor during the Forbearance Period not later than 10 days prior to paying any such fees, expenses or other amounts.
- (8) Lydian Armenia and Lydian shall pay and reimburse ING for any and all charges, fees, premia and other costs EKN (as defined in the SEK Agreement) may charge, at any time, in relation to amounts owing under the SEK Agreement, this Agreement and/or any of the matters contemplated herein.
- (9) Notwithstanding anything to the contrary herein, subject to prior written consent of each Creditor (other than CAT), Lydian Armenia is hereby permitted to sell (or allow CAT or its agents to sell) certain units of Mobile Mining Equipment (to be agreed between Lydian and/or Lydian Armenia and CAT), with the net sales proceeds applied as a permanent repayment against the outstanding principal owed by Lydian Armenia to CAT under the CAT Agreement.
- (10) CAT acknowledges and confirms that it has received payment of the Reserved Amount (as defined and contemplated under section 4.1(10) of the second amended and restated forbearance agreement dated July 1, 2019) and that such payment has been applied as a repayment against the outstanding principal owed by Lydian Armenia to CAT under the CAT Agreement.

Section 4.2 Events of Default.

The following shall each be and be considered to be an "Additional Event of Default" under this Agreement (without limiting any event, action or occurrence that constitutes a "Default" or "Event of Default" (or such similar term used under the Credit Documents) under any Credit Document)):

- (a) any "Event of Default" (or such similar term used under the Credit Documents) under any Credit Document, other than the Specified Events of Default, that is existing as of the date hereof or that may occur at any time on or after the date hereof;
- (b) any Lydian Group Member, as the case may be, fails to comply with or defaults in the performance or observance of any of the terms, conditions, covenants, agreements or undertakings under or provided for in this Agreement or any document related to or executed in connection with this Agreement;
- (c) enforcement by any creditor of any material claim or lien against any Lydian Group Member or any of its assets, property or undertaking (and for the purpose of this clause, a claim or the aggregate value of multiple claims held by the same or related Persons shall be material if in an amount in excess of US\$500,000);
- (d) any challenge is made to the legality, validity, binding nature or enforceability of this Agreement, any Credit Document or the obligations owing under any Credit Document by any Lydian Group Member; and
- (e) Lydian fails to obtain and maintain at any time during the Forbearance Period director and officer liability insurance with reputable international insurance companies.

ARTICLE 5 GENERAL

Section 5.1 Conditions to Effectiveness.

This Agreement, including the agreement of the Creditors to forbear as contained herein, shall not be effective unless and until each of the following conditions have been satisfied or waived in writing by each of the Creditors in their sole discretion:

- (a) the Creditors have received a copy of this Agreement and the Senior Credit Amending Agreement duly executed and delivered by all Parties;
- (b) the Creditors have received from Lydian a detailed, monthly cash flow forecast for the period beginning on the date hereof and ending December 31, 2019, in substance and form acceptable to each Creditor, setting forth Lydian and Lydian Armenia's projected monthly expenses, which is attached hereto as Exhibit "C"; and
- (c) the Creditors have received an officer's certificate from Lydian confirming that the representations and warranties contained in this Agreement are true and correct.

Section 5.2 Severability.

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 5.3 Notices.

Any notices, directions or other communications provided for in this Agreement must be in writing and must be given by facsimile or other means of electronic communication or by hand-delivery. Any such notice, if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the day of sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address. Notices and other communications shall be addressed in accordance with the notice details provided in Exhibit "B" hereto.

Section 5.4 Entire Agreement.

This Agreement and the Credit Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein and supersede all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

Section 5.5 Full Force and Effect.

The Credit Documents shall remain unchanged, in full force and effect, and continue to govern and control the relationship between the parties hereto, except to the extent they are inconsistent with, superseded or expressly modified herein. To the extent that there is any inconsistency or ambiguity between the provisions of this Agreement and any Credit Document, the provisions of this Agreement will govern to the extent necessary to eliminate such conflict, inconsistency or ambiguity.

Section 5.6 Successors and Assigns.

This Agreement is binding upon each of the Parties and enures to the benefit of each of the Parties and their successors and assigns. No Party may assign, transfer or convey its rights, benefits, obligations or duties under this Agreement, provided that a Creditor may assign, transfer or convey its rights, benefits, obligations or duties under this Agreement to any Person to whom it has assigned the applicable Credit Documents without the consent of any other Party and provided further that such assignee has agreed to be bound by the terms of this Agreement pursuant to an agreement acceptable to the remaining Creditors, acting reasonably.

Section 5.7 Governing Law.

This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the Parties irrevocably and unconditionally (i) submits to the non-exclusive jurisdiction of the courts of the Province of Ontario over any action or proceeding arising out of or relating to this Agreement, (ii) waives any objection that it might otherwise be

entitled to assert to the jurisdiction of such courts and (iii) agrees not to assert that such courts are not a convenient forum for the determination of any such action or proceeding.

Section 5.8 Further Assurances.

The Parties agree to execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable to give effect to the provisions and purposes of this Agreement, all at the expense of Lydian.

Section 5.9 Amendments.

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by all of the Parties.

Section 5.10 Cumulative Remedies.

The rights and remedies under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available by law, in equity or otherwise.

Section 5.11 Reimbursement of Costs and Expense.

Lydian and Lydian Armenia agree to pay all costs, fees and expenses (including legal fees), expended or incurred by the Creditors in connection with the negotiation, preparation, administration and enforcement of this Agreement, the Credit Documents, the obligations of Lydian and Lydian Armenia under the Credit Documents, and all fees, costs and expenses incurred in connection with any bankruptcy or insolvency proceeding (including, without limitation, any contested matter or motion brought by a Creditor or any other person). Without in any way limiting the foregoing, Lydian Armenia hereby reaffirms its agreement under the applicable Credit Documents to pay or reimburse the Creditors for certain costs and expenses incurred by the Creditors. Lydian and Lydian Armenia are jointly and severally liable for their obligations under this Section 5.11. Lydian and Lydian Armenia agree to pay each Creditor's reasonable costs and expenses (including legal fees) incurred in the preparation and negotiation of this Agreement and any amendments or waivers to the Credit Documents in connection with this Agreement or the Specified Events of Default within 15 days of the date hereof.

Section 5.12 Confidentiality.

Each Party agree that it shall maintain as confidential and, without the prior written consent of the relevant party(ies), shall not disclose the terms of this Agreement or the Intercreditor Agreements, provided that a party may disclose such information: (a) where such information becomes publicly available or widely known by the public other than by a breach of this Agreement; (b) if required by applicable law or requested by any governmental body having jurisdiction over such party; and/or (c) to its affiliates and to any of its or its affiliates representatives, consultants, advisers, insurers or insurance brokers who have a legitimate need to know such information. In the case of disclosure pursuant to paragraph (c), the disclosing party shall be responsible to ensure that the recipient of such information does not disclose such information to the same extent as if it were bound by the same non-disclosure obligations of the disclosing party hereunder.


Section 5.13 Counterparts.

This Agreement may be executed in any number of counterparts (including counterparts by facsimile and PDF) and all such counterparts taken together constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

LYDIAN ARMENIA CJSC

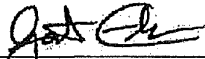
By: 
Authorized Signing Officer

LYDIAN INTERNATIONAL LIMITED

By: 
Authorized Signing Officer

[Fourth A&R Forbearance Agreement]

ORION CO IV (ED) LIMITED

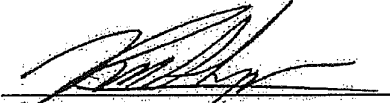
By: 
Authorized Signing Officer

[Fourth A&R Forbearance Agreement]

- S3 -

RESOURCE CAPITAL FUND VI L.P.
By Resource Capital Associates VI L.P.,
General Partner
By RCA VI GP Ltd., General Partner

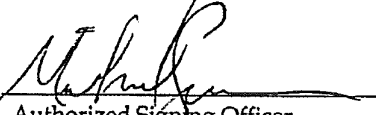
By:



Authorized Signing Officer

Ross R. Bhappu, Partner

OSISKO BERMUDA LIMITED

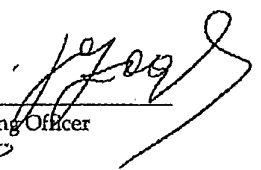
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Authorized Signing Officer

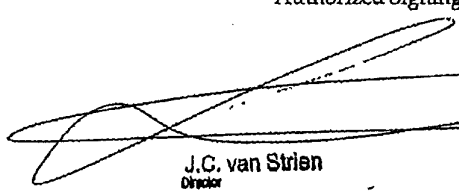
[Fourth A&R Forbearance Agreement]

ING BANK N.V.

By: _____

Authorized Signing Officer


Julia Claassen
Director

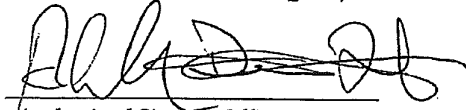

J.C. van Strien
Director

[Fourth A&R Forbearance Agreement]

- S6 -

AB SVENSK EXPORTKREDIT (publ)

By:



Authorized Signing Officer

Per Edlundh
Director

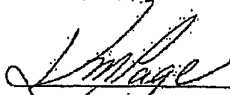
David Lindström

Director

- S7 -

CATERPILLAR FINANCIAL
SERVICES (UK) LIMITED

By:


Authorized Signing Officer

KAREN M. PAGE
NORTHERN EUROPE CREDIT MANAGER

AMERICAN BANK NOTE CO. JOINT-
STOCK COMPANY

Authorized Signing Officer

Corporate and Investment
Banking Director
Gagik Sahakyan

[Fourth A&R Forbearance Agreement]

EXHIBIT "A"
SPECIFIED EVENTS OF DEFAULT

Senior Credit Agreement

- the failure of Lydian Armenia to make principal and interest payments when due, contrary to Section 9.1.1 of the Senior Credit Agreement;
- breach of Sections 7.1.7, 7.7.1, 7.9.2 and 7.9.3 of the Senior Credit Agreement, contrary to Section 9.1.2 of the Senior Credit Agreement;
- occurrence and continuance of a Specified Event of Default under the Stream Agreement, to the extent it constitutes a "Seller Event of Default" as defined in the Stream Agreement, contrary to Section 9.1.6 of the Senior Credit Agreement;
- occurrence and continuance of a Specified Event of Default under a Financing Agreement, contrary to Section 9.1.5 and 9.1.19 of the Senior Credit Agreement;
- putting the Project on care and maintenance and suspending construction and development at the Project for greater than 3 months, contrary to Section 9.1.14 of the Senior Credit Agreement;
- failing to maintain mining operations, contrary to Section 9.1.16(i) of the Senior Credit Agreement;
- breach of the Financial Covenant (as defined in the Senior Credit Agreement) contrary to Section 9.1.20 of the Senior Credit Agreement; and
- failing to achieve commercial production by December 31, 2018 contrary to Section 9.1.21 of the Senior Credit Agreement.

Stream Agreement

- breach of Section 5.1 of the Stream Agreement, contrary to Section 11.1(c) of the Stream Agreement;
- the failure to meet the requirement in Section 11.1(l);
- occurrence and continuance of a Specified Event of Default under the Senior Credit Agreement, to the extent it constitutes a "Default" or "Event of Default", as such terms are defined under the Senior Credit Agreement, contrary to Section 11.1(p) of the Stream Agreement;
- putting the Project on care and maintenance and suspending construction and development at the Project for greater than 3 months, contrary to Section 11.1(s) of the Stream Agreement; and
- failing to achieve commercial production by December 31, 2018 contrary to Section 11.1(w) of the Stream Agreement.

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CAT Agreement

- the failure of Lydian Armenia to make principal and interest payments when due, contrary to Section 8.1.1 of the CAT Agreement;
- breach of Sections 6.1.1, 6.1.4, 6.4, 6.5 and 6.6.1(b) of the CAT Agreement, contrary to Section 8.1.2 of the CAT Agreement;
- putting the Project on care and maintenance and suspending construction and development at the Project for greater than 3 months, contrary to Section 8.1.13 of the CAT Agreement;
- the failure to meet the requirements itemized in Section 8.1.15 of the CAT Agreement;

SEK Agreement

- the failure of Lydian Armenia to make principal and interest payments when due, contrary to Section 23.1 of the SEK Agreement;
- breach of Sections 21.2(a), 21.4(a), 21.5(a), 21.6(a), 21.6(b) and 22.28 contrary to Section 23.2 of the SEK Agreement;
- the failure of Lydian Armenia to comply with the Debt Service Coverage Ratio (as defined in the SEK Agreement) contrary to Section 23.18 of the SEK Agreement;
- the failure of Lydian Armenia to make principal and interest payments to Orion, RCF, and CAT, contrary to Section 23.4 of the SEK Agreement; and
- Lydian Armenia requesting the applicable Creditors to reschedule the principal and interest payments under the applicable Credit Document, contrary to Section 23.5(iv) of the SEK Agreement;

Ameriabank Agreement

- the failure of Lydian Armenia to make principal and interest payments to Ameriabank when due, contrary to Section 5.1.2.12 of the Ameriabank Agreement;
- contrary to Section 5.1.2.10 of the Ameriabank Agreement, commencement of the types of proceedings defined therein, unless such commencement will not cause any event described in section 5.1.2.8. of the Ameriabank Agreement; and
- breach of Section 5.4.10. of the Ameriabank Agreement by Lydian Armenia.

In respect of each of the Credit Documents, Specified Events of Default shall also include (i) any Defaults or Events of Default (or such similar term used under the Credit Documents) which have occurred solely and directly as a result of any audit report to the financial statements of Lydian being qualified in any material respect, or (ii) the

deterioration or impairment of any physical asset (including movable and immovable property) as a result of being denied access to such asset by virtue of the ongoing blockades at the Project.

EXHIBIT "B"
NOTICE DETAILS

Lydian Armenia CJSC	<p>Lydian Armenia CJSC c/o Lydian International Limited Suite 3 5/6 Esplanade St. Helier, Jersey JE2 3QA Channel Island</p> <p>Attention: Bill Dean Email: bill.dean@Lydianinternational.co.uk</p>
Lydian International Limited	<p>Lydian International Limited Suite 3 5/6 Esplanade St. Helier, Jersey JE2 3QA Channel Island</p> <p>Attention: Bill Dean Email: bill.dean@Lydianinternational.co.uk</p>
Orion Co IV (ED) Limited	<p>Orion Co IV (ED) Limited c/o Maples Corporate Services (Bermuda) Limited Cumberland House 7th Floor, 1 Victoria Street Hamilton, HM11 Bermuda</p> <p>Attention: General Counsel Email: notices@orionrp.com Facsimile: (212) 596-3489</p> <p>with a copy to:</p> <p>Orion Resource Partners (USA) LP 7 Bryant Park 1045 Avenue of the Americas, Floor 25 New York, NY 10018</p> <p>Attention: General Counsel Facsimile: (212) 596-3489 Email: notices@orionrp.com</p>

Resource Capital Fund VI L.P.	<p>Resource Capital Fund VI L.P. 1400 Sixteenth St., Suite 200 Denver, CO 80202</p> <p>Attention: Mason Hills, General Counsel Facsimile: (720)-946-1450 E-mail: mhills@rcflp.com</p> <p>with a copy to (which shall not constitute notice):</p> <p>Blake, Cassels & Graydon LLP Three Bentall Centre 595 Burrard Street, P.O. Box 49314, Suite 2600 Vancouver, BC, Canada V7X 1L3</p> <p>Attention: Bob Wooder Facsimile: (604) 631-3309 E-mail: bob.wooder@blakes.com</p>
Osisko Bermuda Limited	<p>Osisko Bermuda Limited Cumberland House, 1 Victoria Street Hamilton HM 11 Bermuda</p> <p>Attention: Michael Spencer, Managing Director Facsimile: (441) 292-6140 E-mail: mspencer@osiskogr.com</p> <p>with a copy to:</p> <p>Osisko Bermuda Limited c/o Compass Administration Services Ltd. Crawford House, 50 Cedar Avenue, Hamilton HM 11, Bermuda</p> <p>Attention: Michael Spencer, Managing Director Facsimile: (441) 295-6566 Email: bermudaoperations@osiskogr.com</p>
ING Bank N.V.	<p>ING Bank N.V. AMPE 04 P.O. Box 1800, 1000 BV Amsterdam ZO The Netherlands</p> <p>Attention: Anna Rauhala Email: anna.rauhala@ing.com</p>

AB Svensk Exportkredit (publ)	<p>Swedish Export Credit Corporation P.O. Box 194, SE-101 23 Stockholm, Sweden</p> <p>Attention: Per Edlundh, Director, Structured Finance & Corporate Lending E-mail per.edlundh@sek.se</p>
Caterpillar Financial Services (UK) Limited	<p>Caterpillar Financial Services (UK) Limited Friars Gate 1011 Stratford Road Shirley Solihull West Midlands, UK B90 4BN</p> <p>Attention: Karen Page, Credit Manager Email: karen.page@cat.com Facsimile: +44 1564 786409</p> <p>with a copy to (which shall not constitute notice): Caterpillar Financial SARL Mühlebachstrasse 43 8008 Zurich Switzerland</p> <p>Attention: Paola Rammal, Portfolio Manager Email: Paola.Rammal@cat.com; structured.finance@cat.com; AgencyServices@cat.com Facsimile: +1 615 341 8580</p>
Ameriabank Closed Joint-Stock Company	<p>Ameriabank CJSC 2 Vazgen Sargsyan Street, Yerevan 0010, RA</p> <p>Attention: Gagik Sahakyan Facsimile: +37410 51 31 33 Email: g.sahakyan@ameriabank.am</p> <p>with a copy to (which shall not constitute notice): Ameriabank CJSC 2 Vazgen Sargsyan Street, Yerevan 0010, RA</p> <p>Attention: Ani Papyan Facsimile: +37410 51 31 33 Email: a.papyan@ameriabank.am</p>

EXHIBIT "C"
CASH FLOW FORECAST

See attached.

110822934 v7

Schedule C - Cash Flow Forecast					Sept - Dec
\$USD	2019	2019	2019	2019	2019
Forecast Payment Date	Sept	Oct	Nov	Dec	Total
Receipts					
VAT Recoveries	1,200,000	-	-	-	1,200,000
Total Receipts	1,200,000	-	-	-	1,200,000
Disbursements					
US Corporate Costs					
Salaries & Benefits	(66,978)	(66,978)	(66,978)	(66,978)	(267,913)
Other	(28,619)	(58,619)	(28,619)	(28,619)	(144,475)
Total US Corporate Costs	(95,597)	(125,597)	(95,597)	(95,597)	(412,388)
LTD Corporate Costs					
Salaries & Benefits	(70,000)	(70,000)	(70,000)	(70,000)	(280,000)
Other	(183,497)	(120,247)	(120,247)	(1,158,497)	(1,582,488)
Total LTD Corporate Costs	(253,497)	(190,247)	(190,247)	(1,228,497)	(1,862,488)
Armenia Costs					
Geoteam Salaries	(252,725)	(179,692)	(179,692)	(179,692)	(791,802)
General	(182,310)	(312,877)	(193,277)	(152,477)	(840,940)
Indirect	(2,000)	(284,274)	(354,207)	(191,819)	(832,300)
Owners	(187,434)	(138,926)	129,193	(559,207)	(756,374)
Total Armenia Costs	(624,468)	(915,769)	(597,983)	(1,083,195)	(3,221,415)
Total Operating Disbursements	(973,562)	(1,231,613)	(883,827)	(2,407,289)	(5,496,291)
Net Oper. Cash Inflows / (Outflows)	226,438	(1,231,613)	(883,827)	(2,407,289)	(4,296,291)
Other Activities					
Other	(275,000)	-	(300,000)	(280,000)	(855,000)
Capital Expenditures	-	(236,143)	-	-	(236,143)
Professional Fees	(746,911)	(834,607)	(801,602)	(517,300)	(2,900,420)
KERP	-	-	-	(176,500)	(176,500)
Contingency	(75,000)	(75,000)	(75,000)	(75,000)	(300,000)
Total Other Activities	(1,096,911)	(1,145,750)	(1,176,602)	(1,048,800)	(4,468,064)
Debt Service Costs	(2,000,000)	-	-	-	(2,000,000)
Total Non-Operating Expenses	(3,096,911)	(1,145,750)	(1,176,602)	(1,048,800)	(6,468,064)
Net Cash Inflows / (Outflows)	(2,870,473)	(2,377,364)	(2,060,429)	(3,456,089)	(10,764,355)
Cash					
Available Cash (exclude DSR)					
Beginning Available Balance	4,247,756	1,377,283	3,499,919	3,939,490	4,247,756
Net Cash Inflows / (Outflows)	(2,870,473)	(2,377,364)	(2,060,429)	(3,456,089)	(10,764,355)
Financing Draws / (Repayments)	-	4,500,000	2,500,000	1,000,000	8,000,000
Ending Available Balance	1,377,283	3,499,919	3,939,490	1,483,401	1,483,401
Facility B Balance	10,557,846	15,057,846	17,557,846	18,557,846	18,557,846

Notes:

1. Facility B balance shown above is net of future OID.
2. Other costs above include CAT PRI insurance estimated by CAT to be \$300K payable in November. Amount could differ once invoice is rendered by insurer.

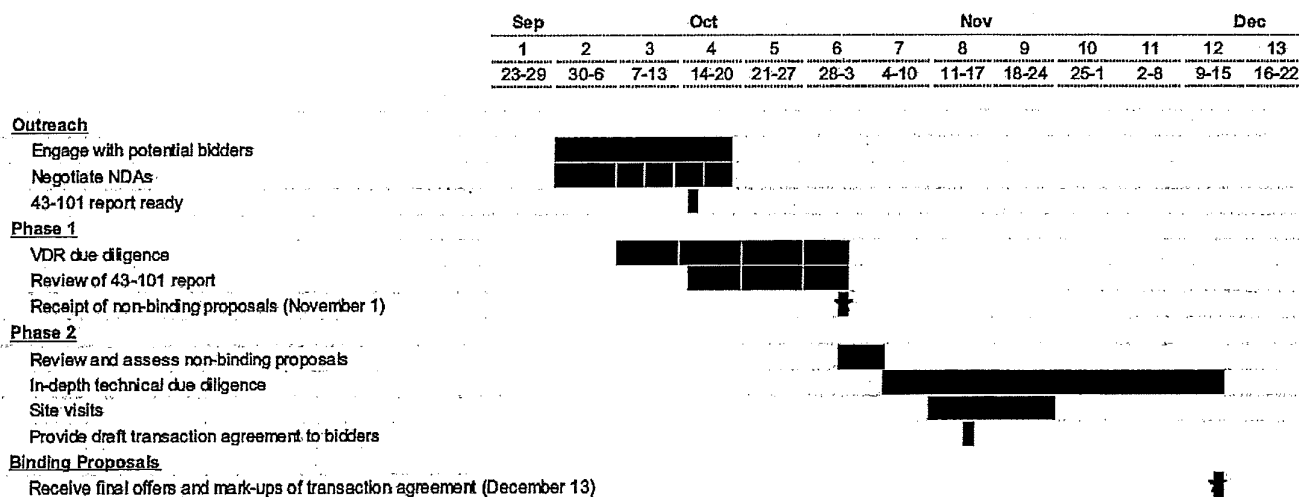
EXHIBIT "D"
INTERCREDITOR AGREEMENTS

See attached.

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EXHIBIT "E"
COMBINED PROCESS TIMELINE

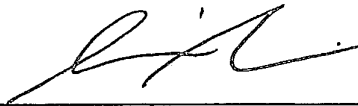
See attached.



Expressions of Interest will not be considered that are from Persons (as reasonably determined by Lydian) who (i) are in violation of, or have been charged under, anti-money laundering, anti-bribery and anti-corruption laws, and (ii) are sanctioned persons under any sanctions.

EXHIBIT “E”

*THIS IS EXHIBIT "E", referred to in the
Affidavit of EDWARD A. SELLERS,
sworn on December 22, 2019.*



Commissioner for Taking Affidavits



Freshfields Bruckhaus Deringer

Avocats à la Cour

By Courier

His Excellency Mr Nikol Pashinyan
Prime Minister of the Republic of Armenia
Republic Square
Government House 1
0010 Yerevan
Republic of Armenia

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Palais J 007
E noah.rubins@freshfields.com
www.freshfields.com

Doc ID
PAR6411230
Our Ref
171256-0001 NDR

11 March 2019

Honourable Prime Minister:

We write in representation of Lydian U.K. Corporation Limited (United Kingdom) (*Lydian UK*) who, through its subsidiaries, owns Lydian Armenia CJSC (*Lydian Armenia*), an Armenian company (formerly Geoteam CJSC). Lydian Armenia holds the mining licence in relation to the Amulsar gold mine in south-central Armenia (the *Mine*). The ultimate parent entity of Lydian group is listed on the Toronto Stock Exchange.

Lydian UK is a protected investor with protected investments (including an indirectly held interest in Lydian Armenia, as recognised by international investment jurisprudence) under the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Armenia for the Promotion and Protection of Investments, in force since 11 July 1996 (the *BIT*).

The Lydian group has been working in Armenia for over twelve years, and has over this time invested over US\$500 million in the country – the largest foreign investment in Armenian history. In particular, Lydian has spent more than US\$20 million investing in local communities and developing other social responsibility and environmental projects. This has included upgrading the local hospital in Vayk and music schools, kindergartens, a library and community centres in Jermuk and Kechut, creating a nature reserve and helping local businesses. Moreover, Lydian Armenia and its contractors have employed over 400 local residents.

However, as a result of the unlawful conduct of a number of organs of the Armenian State, we are compelled to notify you of an investment dispute (the *Dispute*) that has arisen between Armenia and Lydian UK under the BIT.

Background

Lydian started investing in Armenia in 2006, when Lydian Armenia (then Geoteam) was

first awarded an exploration licence. Lydian Armenia obtained its mineral mining permit in relation to the Mine in 2009, and entered into a mining agreement with the Armenian Government on 26 September 2012 (the *Mining Agreement*). Lydian Armenia conducted all required environmental impact assessments and studies before obtaining the licence, and has continued to comply with related requirements since work began in Armenia. In particular, Lydian, in accordance with Armenian law requirements, received approvals of its environmental impact assessment (the *EIA*) from the Armenian Government on 12 March 2012 and 31 July 2012, prior to the conclusion of the Mining Agreement. Lydian made its investments in Armenia in reliance on the assurances by the Armenian Government that it met all applicable environmental standards, as well as based on its rights set out in the licence and in the Mining Agreement, and it reasonably expected that such standards would not be unilaterally, subjectively and retroactively altered.

Further, while this is not required by Armenian law, Lydian carried out an environmental and social impact assessment of the project in accordance with international best practices, which was published on 28 May 2015.

Additionally, the project was reviewed by a number of independent environmental and social consultants engaged by Lydian and its lenders, who confirmed that the project complied with international good practice.

After over 12 years of exploration, development and construction, the Mine was expected to become operational in the fourth quarter of 2018. However, following the change of government in May 2018, Lydian has been the victim of an ongoing politically motivated campaign, which has prevented it from developing the Mine and has threatened the existence and value of its investment.

Since June 2018, road access to the Mine has been unlawfully blocked by protestors, who have been seeking to prevent development of the Mine. Despite repeated complaints, the Armenian police has failed to take action required by Armenian law and refused to ensure access by Lydian employees to the Mine to resume construction and associated work. The Armenian police has also been incapable of preventing attacks by protestors on Lydian Armenia's employees, as well as trespass on the territory of the Mine and theft from its premises. As a result, Lydian Armenia's employees have been unable to return to work. Lydian Armenia's inability to resume construction works at the Mine has also caused it to incur significant losses due to the delay in the completion of the project and forced it to lay off more than 1300 employees.

Although Lydian Armenia was initially granted limited access to the Mine for winterisation purposes, the protestors have now blocked access which is required for the continued care and maintenance of equipment. The value of the property and equipment on site is diminishing, and various reagents, chemicals and other materials stored by Lydian Armenia at the Mine are now exceeding their use by dates.

Furthermore, between July and August 2018 the Armenian Government conducted an arbitrary and biased environmental audit at the Mine. It was led by the then head of the Environmental and Mining Inspection Department, Mr Artur Grigoryan, who has publicly expressed negative views against Lydian and the Mine. The outcome of the audit was predetermined. Although the audit identified no significant environmental concerns, Mr

Grigoryan adopted Resolution № 30-A dated 27 August 2018 ordering Lydian Armenia to stop all work at the Mine pending a new expert review by the Ministry of Nature Protection. The cited reason for the suspension was the alleged discovery of protected species of plants and animals in the Amulsar area. In fact, a task group commissioned by the Ministry of Nature Protection subsequently confirmed that the Amulsar area is not the natural habitat of the species in question. Despite this, Resolution № 30-A has not been revoked and Mr Grigoryan dismissed Lydian Armenia's appeal against the resolution. Lydian Armenia has pursued a further appeal of this decision, which is arbitrary and baseless.

In addition, the Armenian Government informed Lydian in September 2018 that it was concerned about the impact of the Mine on Lake Sevan and other water systems around the Mine. It subsequently announced that it would be commissioning a new study to address such concerns about water and that Lydian Armenia's work at the Mine should be suspended pending the outcome of the study. This is despite the fact that the impact of the Mine on water systems had been assessed as part of the 2012 EIA, which had been approved by the Armenian Government at that time. Furthermore, the Armenian Government has significantly and arbitrarily expanded the scope of the study from merely a water audit to an audit including *all* of the matters covered by the 2012 EIA. There is no legal basis for this study, which seeks to revise the environmental approvals granted to Lydian in full compliance with Armenian law in force at the time.

Finally, the Department for the Protection of State Interests of the Prosecutor General's Office has commenced a criminal investigation in relation to the alleged breach by Lydian Armenia of the terms of the Mining Agreement. Again, this investigation is baseless; even on the Government's case, the damages supposedly caused by Lydian Armenia's alleged breach do not rise to the threshold of a criminal matter under Armenian law.

These actions and omissions form part of an ongoing campaign by the Armenian Government targeting Lydian's investments in Armenia. They are unlawful as a matter of Armenian law and contrary to Armenia's undertakings under the Mining Agreement.

Breaches of the BIT

Armenia's actions and omissions, as outlined above, violate Armenia's obligations to Lydian UK under the BIT, and under international law, including but not limited to Armenia's obligations under the BIT:

- (a) to accord at all times to investments of UK investors fair and equitable treatment (Article 2(2) of the BIT);
- (b) not to impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment or disposal of investments by UK investors (Article 2(2) of the BIT);
- (c) to accord at all times full protection and security to investments of UK investors (Article 2(2) of the BIT); and
- (d) to observe any obligation it may have entered into with regard to investments of UK investors (Article 2(2) of the BIT).

The actions described above, for which Armenia is responsible under international law, have caused Lydian UK to suffer significant economic loss and damage in respect of its investment in Armenia.

Should Armenia take any further measures impeding Lydian UK's investment, these will constitute additional breaches of the Treaty.

Notice of Dispute under the BIT

Article 8 of the BIT provides that any dispute between Armenia and a UK investor in relation to the latter's investment shall, as far as possible, be settled amicably through negotiations. In the event that the dispute is not resolved within three months from the time one party notifies the other of its existence, the investor may submit the dispute to international arbitration at the International Centre for the Settlement of Investment Disputes (ICSID).

Consequently, Lydian UK hereby notifies Armenia of the commencement of the negotiation period provided for in the BIT, and of its right, in the event that the dispute is not amicably resolved through negotiations in this period, to refer the dispute to ICSID arbitration.

Lydian UK sincerely hopes that the present dispute can be resolved amicably, as contemplated in the BIT. To this end, Lydian UK and its representatives are available to meet with senior representatives of the Armenian Government with a view to establishing a constructive dialogue to find a mutually acceptable solution to the dispute.

Nothing in this letter should be interpreted as a limitation of the factual or legal bases on which Lydian UK might rely, or the legal rights and remedies it may pursue, before an arbitral tribunal or otherwise. Lydian UK fully reserves all rights and remedies in respect of this dispute under Armenian and international law, in particular the BIT.

We look forward to hearing from you in relation to this matter and remain available to discuss these issues with an authorised representative of the Armenian Government at your earliest convenience.

Yours faithfully

Freshfields Bruckhaus Deringer LLP

Freshfields Bruckhaus Deringer LLP

With copy to:

Deputy Prime Minister Tigran Avinyan

Deputy Prime Minister Mher Grigoryan

Ministry of Foreign Affairs: Minister Zohrab Mnatsakanyan

Ministry of Economic Development and Investments: Minister Tigran Khachatryan

Ministry of Energy Infrastructures and Natural Resources: First Deputy Minister Garegin Baghramyan

Ministry of Nature Protection: Minister Erik Grigoryan

Ministry of Territorial Administration and Development: Minister Suren Papikyan



Freshfields Bruckhaus Deringer

Avocats à la Cour

By Courier

His Excellency Mr Nikol Pashinyan
Prime Minister of the Republic of Armenia
Republic Square
Government House 1
0010 Yerevan
Republic of Armenia

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Palais J 007
E noah.rubins@freshfields.com
www.freshfields.com

Doc ID
PAR6411235
Our Ref
171256-0001 NDR

11 March 2019

Honourable Prime Minister:

We write in representation of Lydian Canada Ventures Corporation (Canada) (*Lydian Canada*) as the owner of Lydian Armenia CJSC (*Lydian Armenia*), an Armenian company (formerly Geoteam CJSC), through its 100% shareholding of Lydian U.K. Corporation Limited (United Kingdom) and its subsidiaries. Lydian Armenia holds the mining licence in relation to the Amulsar gold mine in south-central Armenia (the *Mine*). The ultimate parent entity of Lydian group is listed on the Toronto Stock Exchange.

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Furthermore, between July and August 2018 the Armenian Government conducted an arbitrary and biased environmental audit at the Mine. It was led by the then head of the Environmental and Mining Inspection Department, Mr Artur Grigoryan, who has publicly expressed negative views against Lydian and the Mine. The outcome of the audit was predetermined. Although the audit identified no significant environmental concerns, Mr

Grigoryan adopted Resolution № 30-A dated 27 August 2018 ordering Lydian Armenia to stop all work at the Mine pending a new expert review by the Ministry of Nature Protection. The cited reason for the suspension was the alleged discovery of protected species of plants and animals in the Amulsar area. In fact, a task group commissioned by the Ministry of Nature Protection subsequently confirmed that the Amulsar area is not the natural habitat of the species in question. Despite this, Resolution № 30-A has not been revoked and Mr Grigoryan dismissed Lydian Armenia's appeal against the resolution. Lydian Armenia has pursued a further appeal of this decision, which is arbitrary and baseless.

In addition, the Armenian Government informed Lydian in September 2018 that it was concerned about the impact of the Mine on Lake Sevan and other water systems around the Mine. It subsequently announced that it would be commissioning a new study to address such concerns about water and that Lydian Armenia's work at the Mine should be suspended pending the outcome of the study. This is despite the fact that the impact of the Mine on water systems had been assessed as part of the 2012 EIA, which had been approved by the Armenian Government at that time. Furthermore, the Armenian Government has significantly and arbitrarily expanded the scope of the study from merely a water audit to an audit including *all* of the matters covered by the 2012 EIA. There is no legal basis for this study, which seeks to revise the environmental approvals granted to Lydian in full compliance with Armenian law in force at the time.

Finally, the Department for the Protection of State Interests of the Prosecutor General's Office has commenced a criminal investigation in relation to the alleged breach by Lydian Armenia of the terms of the Mining Agreement. Again, this investigation is baseless; even on the Government's case, the damages supposedly caused by Lydian Armenia's alleged breach do not rise to the threshold of a criminal matter under Armenian law.

These actions and omissions form part of an ongoing campaign by the Armenian Government targeting Lydian's investments in Armenia. They are unlawful as a matter of Armenian law and contrary to Armenia's undertakings under the Mining Agreement.

Breaches of the BIT

Armenia's actions and omissions, as outlined above, violate Armenia's obligations to Lydian Canada under the BIT, and under international law, including but not limited to Armenia's obligations under the BIT:

- (a) to accord at all times to investments of Canadian investors fair and equitable treatment (Article II(2)(a) of the BIT);
- (b) not to impair by unreasonable or discriminatory measures the management, maintenance, use, enjoyment or disposal of investments by Canadian investors, based on Armenia's obligation not to treat Canadian investors less favourably than foreign investors of any third party state (Article 3(1)-(2) of the BIT), such as UK investors under Article 2(2) of the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Armenia for the Promotion and Protection of Investments, in force since 11 July 1996 (the *UK BIT*);

- (c) to accord at all times full protection and security to investments of Canadian investors (Article II(2)(b) of the BIT); and
- (d) to observe any obligation it may have entered into with regard to investments of Canadian investors, based on Armenia's obligation not to treat Canadian investors less favourably than foreign investors of any third party state (Article 3(1)-(2) of the BIT), such as UK investors under Article 2(2) of the UK BIT.

The actions described above, for which Armenia is responsible under international law, have caused Lydian Canada to suffer significant economic loss and damage in respect of its investment in Armenia.

Should Armenia take any further measures impeding Lydian Canada's investment, these will constitute additional breaches of the Treaty.

Notice of Dispute under the BIT

Article 13 of the BIT provides that any dispute between Armenia and a Canadian investor in relation to the latter's investment shall, as far as possible, be settled amicably through negotiations. In the event that the dispute is not resolved within six months from the time one party notifies the other of its existence, the investor may submit the dispute to international arbitration at the International Centre for the Settlement of Investment Disputes (ICSID).

Consequently, Lydian Canada hereby notifies Armenia of the commencement of the negotiation period provided for in the BIT, and of its right, in the event that the dispute is not amicably resolved through negotiations in this period, to refer the dispute to ICSID arbitration.

Lydian Canada sincerely hopes that the present dispute can be resolved amicably, as contemplated in the BIT. To this end, Lydian Canada and its representatives are available to meet with senior representatives of the Armenian Government with a view to establishing a constructive dialogue to find a mutually acceptable solution to the dispute.

Nothing in this letter should be interpreted as a limitation of the factual or legal bases on which Lydian Canada might rely, or the legal rights and remedies they may pursue, before an arbitral tribunal or otherwise. Lydian Canada fully reserves all rights and remedies in respect of this dispute under Armenian and international law, in particular the BIT.

We look forward to hearing from you in relation to this matter and remain available to discuss these issues with an authorised representative of the Armenian Government at your earliest convenience.

Yours faithfully

Freshfields Bruckhaus Deringer LLP

Freshfields Bruckhaus Deringer LLP

With copy to:

Deputy Prime Minister Tigran Avinyan

Deputy Prime Minister Mher Grigoryan

Ministry of Foreign Affairs: Minister Zohrab Mnatsakanyan

Ministry of Economic Development and Investments: Minister Tigran Khachatryan

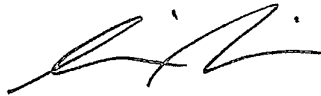
Ministry of Energy Infrastructures and Natural Resources: First Deputy Minister Garegin Baghramyan

Ministry of Nature Protection: Minister Erik Grigoryan

Ministry of Territorial Administration and Development: Minister Suren Papikyan

EXHIBIT “F”

*THIS IS EXHIBIT "F", referred to in the
Affidavit of EDWARD A. SELLERS,
sworn on December 22, 2019.*



Commissioner for Taking Affidavits



LYDIAN INTERNATIONAL LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2018 and December 31, 2017

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LYDIAN INTERNATIONAL LIMITED

COMPANY PARTICULARS

DIRECTORS

Mr. Russell Ball, Non-Executive Director and Chairman of the Board
Mr. Willan Abel, Non-Executive Director
Mr. Stephen J. Altmann, Non-Executive Director
Dr. Gillian Davidson, Non-Executive Director
Mr. Eugene Davis, Non-Executive Director
Mr. Timothy Read, Non-Executive Director
Mr. Edward Sellers, Non-Executive Director
Mr. João Carrêlo, Director

OFFICERS

Mr. João Carrêlo, President and Chief Executive Officer
Mr. Douglas Tobler, Chief Financial Officer
Mr. Andrew Kaczmarek, Chief Operating Officer

REGISTERED OFFICE

Bourne House
1st Floor, Francis Street
St Helier, Jersey, JE2 4QE
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200 King Street West
Box 11
Toronto, Ontario, M5H 3T4
Canada

LEGAL COUNSEL

Stikeman Elliott
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Canada

Freshfields Bruckhaus Deringer LLP
2 rue Paul Cezanne
75008 Paris
France

LYDIAN INTERNATIONAL LIMITED

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements, notes thereto, and other information in Management's Discussion and Analysis of Lydian International Limited and its subsidiaries (the "Company"), are the responsibility of Management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect Management's best estimates, judgments and policies that it believes appropriate in the circumstances.

The Company maintains a system of internal accounting controls that provides, on a reasonable basis, assurance that the financial information is relevant, reliable, accurate and that the Company's assets are appropriately accounted for and safeguarded.

The Board of Directors, principally through the Audit Committee, is responsible for ensuring Management fulfills its responsibilities for financial reporting and internal control. The Audit Committee is composed of four directors, all of whom are independent, and meets periodically with Management and the external auditors to review accounting, auditing, internal control, and financial reporting matters.

The consolidated financial statements have been audited by Grant Thornton LLP, Chartered Professional Accountants, Licensed Public Accountants who were appointed by the shareholders. The auditor's report outlines the scope of their examination and their opinion on the consolidated financial statements.

"João Paulo Simões Carrêlo" (signed)

João Paulo Simões Carrêlo
President and Chief Executive Officer

"Douglas Tobler" (signed)

Douglas Tobler
Chief Financial Officer

LYDIAN INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lydian International Limited

Opinion

We have audited the consolidated financial statements of Lydian International Limited ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2018, and December 31, 2017, and the consolidated statements of profit (loss) and comprehensive profit (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018, and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the illegal road blockades caused the construction activities to be suspended since June 22, 2018. These events have substantially restricted access to capital and caused conditions to occur that may be deemed events of default by the Company's senior lenders, stream financing providers and equipment financiers. The Company has entered into forbearance agreements with these parties and continuation as a going concern is dependent upon continuation of funding under these agreements. As stated in Note 1 in the consolidated financial statements, these events or conditions, along with the matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mark Irwin.

Signed "Grant Thornton LLP"

Toronto, Canada
March 12, 2019

Chartered Professional Accountants
Licensed Public Accountants

LYDIAN INTERNATIONAL LIMITED

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of US Dollars)

		As of	
	Notes	December 31, 2018	December 31, 2017
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents		\$ 3,386	\$ 53,937
Restricted cash	5	1,029	636
Other current assets	6	14,011	1,391
Total current assets		18,426	55,964
<i>Non-current assets</i>			
Mineral property, plant and equipment, net	7	355,833	360,789
Deferred financing costs	8	-	12,054
Other non-current assets	9	25,284	38,176
Total non-current assets		381,117	411,019
TOTAL ASSETS		\$ 399,543	\$ 466,983
LIABILITIES			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities	10	\$ 4,533	\$ 37,466
Stream liability and debt	11	297,030	15,684
Derivative liabilities	12	30,324	-
Total current liabilities		331,887	53,150
<i>Non-current liabilities</i>			
Stream liability and debt	11	-	173,030
Provisions	13	8,137	8,086
Deferred VAT payable		14,051	13,661
Derivative liabilities	12	-	39,429
Total liabilities		354,075	287,356
EQUITY			
Share capital	14	284,924	283,594
Employee share-based plan reserves		4,769	4,223
Translation of foreign operations		(18,479)	(18,528)
Accumulated deficit		(225,746)	(89,662)
Total equity		45,468	179,627
TOTAL LIABILITIES AND EQUITY		\$ 399,543	\$ 466,983
Going concern	1		
Commitments	25		
Contingencies	26		
Subsequent events	27		

On behalf of the Board of Directors:

"Russell Ball" (signed)

Russell Ball, Chairman of the Board

"Timothy Read" (signed)

Timothy Read, Chairman of the Audit Committee

The accompanying notes are an integral part of these consolidated financial statements.

LYDIAN INTERNATIONAL LIMITED

CONSOLIDATED STATEMENTS OF PROFIT (LOSS) AND COMPREHENSIVE PROFIT (LOSS)

(expressed in thousands of US Dollars)

		For the year ended December 31,	
	Notes	2018	2017
Interest income		\$ 411	\$ 593
Total income		411	593
Blockade expense	16	42,027	-
Employee salaries and benefits expense	17	5,132	4,285
General and administrative expense	18	3,483	3,242
Depreciation and amortization expense		33	8
(Gain) loss on financial instruments fair value	12	(8,606)	18,281
Impairment of development asset	19	92,700	-
Other expense (income), net	20	1,726	(1,097)
Total expense		136,495	24,719
Loss before income taxes		(136,084)	(24,126)
Income taxes	21	-	27
Net loss		\$ (136,084)	\$ (24,153)
Net loss per share - basic and diluted	22	\$ (0.18)	\$ (0.03)
Other comprehensive loss:			
Net loss		\$ (136,084)	\$ (24,153)
Other comprehensive profit (loss):			
Currency translation adjustment		49	(56)
Total comprehensive loss		\$ (136,035)	\$ (24,209)

The accompanying notes are an integral part of these consolidated financial statements.

LYDIAN INTERNATIONAL LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(expressed in thousands of US Dollars)

		For the year ended December 31,	
	Notes	2018	2017
Cash from operating activities			
Net loss		\$ (136,084)	\$ (24,153)
<i>Adjustments for:</i>			
Interest and other financing costs	11	21,869	-
(Gain) loss on financial instruments at fair value, net	12	(8,606)	18,281
Share-based compensation	15	1,235	958
Impairment of development asset	19	92,700	-
Other operating write downs	20	1,454	-
Depreciation expense		3,270	8
Interest income		(411)	(593)
Other		65	(1,111)
<i>Working capital changes:</i>			
Change in other current assets		(241)	105
Change in accounts payable and accrued liabilities		1,565	241
Cash used in operations		<u>(23,184)</u>	<u>(6,264)</u>
Cash flows from investing activities			
Acquisition of mineral property, plant and equipment		(111,360)	(194,958)
Change in other non-current assets		(27)	(15,470)
Interest income received		411	593
Other		29	-
Cash used in investing activities		<u>(110,947)</u>	<u>(209,835)</u>
Cash flows from financing activities			
Proceeds from borrowings		95,452	122,851
Financing costs		(4,226)	(13,033)
Debt repayments		(7,079)	-
Proceeds from issuance of share capital		-	14,499
(Increase) decrease in restricted cash		(421)	8,442
Other		-	(1,013)
Cash provided by financing activities		<u>83,726</u>	<u>131,746</u>
Net decrease in cash and cash equivalents		<u>(50,405)</u>	<u>(84,353)</u>
Foreign exchange effect on cash		(146)	1,094
Cash and cash equivalents, beginning of year		53,937	137,196
Cash and cash equivalents, end of year		<u>\$ 3,386</u>	<u>\$ 53,937</u>
Supplemental cash flow information			
Interest paid		\$ 4,492	\$ 1,096
Income taxes paid		\$ 17	\$ 20

The accompanying notes are an integral part of these consolidated financial statements.

LYDIAN INTERNATIONAL LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(expressed in thousands of US Dollars)

	Reserves					
	Share Capital	Employee share option plan reserve	Restricted stock unit plan reserve	Translation of foreign operations	Accumulated deficit	Total
Balance as of December 31, 2016	\$ 268,608	\$ 2,625	\$ 669	\$ (18,472)	\$ (65,509)	\$ 187,921
Issue of shares for warrant exercise	14,499	-	-	-	-	14,499
Issue of new shares	418	-	(418)	-	-	-
Share based compensation	-	79	1,337	-	-	1,416
Attributable to expired options	69	(69)	-	-	-	-
Loss for the year	-	-	-	(56)	(24,153)	(24,209)
Balance as of December 31, 2017	\$ 283,594	\$ 2,635	\$ 1,588	\$ (18,528)	\$ (89,662)	\$ 179,627
Issue of new shares	\$ 1,265	\$ -	\$ (1,265)	\$ -	\$ -	\$ -
Share based compensation	-	16	1,860	-	-	1,876
Attributable to expired options	65	(65)	-	-	-	-
Profit (loss) for the year	-	-	-	49	(136,084)	(136,035)
Balance as of December 31, 2018	\$ 284,924	\$ 2,586	\$ 2,183	\$ (18,479)	\$ (225,746)	\$ 45,468

The accompanying notes are an integral part of these consolidated financial statements.

LYDIAN INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2018 and 2017

(expressed in thousands of US Dollars, unless otherwise stated)

1. GENERAL INFORMATION AND GOING CONCERN

Lydian International Limited ("Lydian") is a corporation continued under the laws of Jersey effective on December 12, 2007 (formerly existing under the laws of Alberta, Canada). The registered office address of Lydian is Bourne House, 1st Floor, Francis Street, St Heller, Jersey JE2 4QE Channel Islands. Lydian's ordinary shares ("Ordinary Shares") are listed on the Toronto Stock Exchange ("TSX") and began trading under the symbol LYD on January 10, 2008. Certain warrants ("Public Offering - Warrants") began trading under the symbol LYD.WT on May 26, 2016 and ceased trading following expiration on November 27, 2017.

Lydian, together with its subsidiaries (the "Company"), is a gold development company, focusing on construction at its 100%-owned Amulsar Gold Project ("Amulsar"), located in south-central Armenia. Development at Amulsar is being conducted under the Mining Right ("Mining Right") issued by the Republic of Armenia in May 2016. Construction has been suspended due to actions and inactions of the Government of Armenia that, among other things, have permitted illegal blockades and prevented access to Amulsar since June 2018.

In conducting development activities in Armenia, the Company is subject to considerations and risks not typically associated with companies operating in Jersey, the United Kingdom, or Canada. These include but are not limited to risks such as non-enforcement of the rule of law, political, economic, and legal environments in emerging markets. The Company's results and prospects have been and continue to be adversely affected by changes in political and social conditions and adverse governmental policies specific to Lydian, mining laws and regulations, currency conversion, remittance abroad, rates and methods of taxation, and other factors.

These consolidated financial statements were prepared on a going concern basis that assumes the Company continues and will be able to realize its assets and discharge its liabilities in the normal course of business. Following a change in the Government of Armenia in May 2018, demonstrations and road blockades occurred sporadically throughout the country. These initial protests primarily targeted the mining sector, including the Amulsar Gold Project. A continuous illegal blockade at Amulsar has been in place since June 22, 2018, causing construction activities to be suspended since this date. Access has generally been limited to activities related to contractor demobilization and winterization. The Government of Armenia has not enforced the rule of law to remove the illegal blockades at Amulsar and prosecute other illegal acts carried out against the Company. Furthermore, the Government of Armenia has taken certain actions and failed to act on other matters. As a result, the Company incurred \$42.0 million of blockade-related expenses during 2018. Such costs continue to be incurred and additional costs will be required to restart construction should access be restored. The Government of Armenia's actions and inactions have substantially restricted the Company's access to capital and caused conditions to occur that were deemed events of default by the senior lenders, stream financing providers, and equipment financiers. As a result, the Company entered into the A&R Forbearance Agreement with its senior lenders, stream financing providers, and equipment financiers.

The Company's ability to continue as a going concern is dependent upon the Government of Armenia resolving the disputes it has created with the Company and making the Company whole. It will also be necessary for the Company to continue to receive forbearance under the A&R Forbearance Agreement and funding under the Thirteenth Amending Agreement. Thereafter, the Company will be dependent upon the resumption of construction once the illegal blockades are removed, the Company's ability to successfully

LYDIAN INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2018 and 2017

(expressed in thousands of US Dollars, unless otherwise stated)

fund its cash obligations from external sources until construction is complete, and sufficient cash flows from operations being generated. Alternatively, sufficient funding will be required until a strategic alternative can be arranged, if at all.

While the Company has entered into the A&R Forbearance Agreement with its senior lenders, stream financing providers, and equipment financiers, as a result of the actions and inactions of the Government of Armenia there is no assurance that the Company will be able to meet its obligations under the applicable credit or loan agreements with its senior lenders, stream financing providers, and equipment financiers and that the Company will avoid further events of default as contemplated under such agreements. There is a risk that the Company may not be able to receive forbearance from the same parties under the A&R Forbearance Agreement and as a result there is a risk that the Company will be in default under its agreements with its senior lenders, stream financing providers, and equipment financiers. During this forbearance period, Lydian will continue to engage with its lenders and stream financing providers to address the issues resulting from the illegal blockades while at the same time evaluating a range of strategic, financing, and legal alternatives.

Although the Company has obtained sufficient financing to date, including during the period of the illegal blockades and as provided in the A&R Forbearance Agreement, as a result of the actions and inactions of the Government of Armenia there can be no assurance that adequate financing will be available when needed at commercially acceptable terms and that the Company will ultimately be able to generate sufficient positive cash flow from operations or find an acceptable strategic alternative. These circumstances indicate the existence of material uncertainties that create significant doubt as to the Company's ability to meet its obligations when due, and accordingly, continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write downs of the carrying values of certain assets.

2. BASIS OF PRESENTATION, CRITICAL ACCOUNTING JUDGMENTS AND KEY ESTIMATION UNCERTAINTIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, effective as of December 31, 2018, and interpretations of the International Financial Reporting Interpretations Committee.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as discussed in Note 12. All amounts are presented in thousands of US Dollars unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its "subsidiaries"). Control is achieved where the Company is exposed to variable returns and can affect those returns through power to direct the relevant activities. All intercompany transactions and balances are eliminated in full upon consolidation.

LYDIAN INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2018 and 2017

(expressed in thousands of US Dollars, unless otherwise stated)

Details of the Company's direct and indirect subsidiaries as of December 31, 2018 and 2017 are as follows:

Name of subsidiary	Place of incorporation or registration	Functional currency	Effective ownership interest	Principal activity
Lydian International Limited	Jersey	USD	100%	Intermediate holding company
Lydian Canada Corp.	Canada	USD	100%	Intermediate holding company
Lydian U.K. Corp.	United Kingdom	USD	100%	Intermediate holding company
Lydian U.S. Corporation	U.S.A.	USD	100%	Management company
Lydian International Holdings Ltd.	British Virgin Islands	USD	100%	Intermediate holding company
Lydian Resources Kosovo	British Virgin Islands	CAD	100%	Intermediate holding company
Lydian Resources Armenia	British Virgin Islands	USD	100%	Intermediate holding company
Lydian Armenia CJSC	Republic of Armenia	USD	100%	Mineral exploration and development
Lydian Resources Georgia Limited	Jersey	CAD	100%	Intermediate holding company
Georgian Resource Company LLC	Georgia	GEL	100%	Mineral exploration
Kavkaz Zoloto CJSC	Armenia	AMD	95%	Dormant company

Critical accounting estimates and judgments

In applying the Company's accounting policies, management is required to make judgments, estimates and assumptions that affect the application of accounting principles and reported amounts of certain assets, liabilities, equity, income and expenses in instances when valuation is not readily apparent from other sources. These judgments, estimates and assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates. In management's opinion, all adjustments considered necessary for fair presentation have been included in these financial statements.

Certain events and transactions occurring during the years ended December 31, 2018 and 2017, required management to apply significant judgments or required the use of estimates, including:

Recovery of development assets and other long-lived assets – Management's review of impairment indicators included consideration of external and internal sources of information, including factors such as market, geopolitical and economic conditions, metal prices and forecasts, commercial viability, technical feasibility, and availability of permits.

The application of the Company's accounting policy for assessing impairment of development assets requires judgment. This includes the amount and timing of cash flows, reflecting estimates such as minable ore, additional mineral resources not included in minable ore, gold and silver prices, metal recovery rates, capital costs, operating costs, royalty and tax burdens, and the discount rate applied to future cash flows. Such estimates by management have not been reviewed by qualified persons as defined by NI 43-101. Each of these considerations and judgments applied by management in completing the impairment assessments represent key sources of estimation uncertainty.

Fair value of financial instruments – Fair value of financial instruments that are not traded on an active market and embedded derivatives are determined using alternative valuation techniques.

LYDIAN INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2018 and 2017

(expressed in thousands of US Dollars, unless otherwise stated)

The Company entered into several financing agreements (the "Agreements") that contained provisions giving rise to financial derivatives. These derivatives are accounted for at fair value and marked to market each reporting period thereafter. In determining fair value, management's judgment is required in respect of input variables of the financial model used for estimation purposes. These variables include such inputs as the Company's stock prices, stock price volatility, trading volumes of its warrants, risk-free rates of return, the credit-risk-premium, LIBOR terms and associated rates, availability of alternative financing, gold and silver price forward curves, gold and silver price volatilities, timing of future production, timing of draws upon financing facilities, timing of repayments of financing facilities, expected future LIBOR rates, timing of achieving commercial production, availability of positive cash flows from operations, and other factors. Management uses its judgment to select from a variety of valuation methods and utilizes assumptions deemed to be reflective of conditions at the end of each reporting period.

Asset retirement obligation – The Company's calculation of rehabilitation and closure provisions relies on estimates of costs required to rehabilitate and restore land to appropriate post-operation condition. Key assumptions are reviewed regularly and adjusted to reflect current assumptions used to calculate these estimates. Significant judgment is required in determining the provision for mine closure and rehabilitation as there are many transactions and other factors that will affect the ultimate costs required to rehabilitate the mine site. Factors that will affect this liability include future development and operating activity, changes in technology, price, and inflation rate, and interest rate changes.

Deferred Taxes – Until such time as the Company has certainty as to future profits, deferred tax assets and liabilities are not recognized.

Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. ACCOUNTING POLICIES

The accounting policies adopted, other than policies associated with changes in circumstances, are consistent with those of the previous financial year.

Foreign currency

The individual financial statements of each entity of the Company are prepared in the currency of the primary economic environment in which the entity operates (its "functional currency"). The consolidated financial statements are expressed in US Dollars, which is the presentation currency.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities which are denominated in foreign currencies are retranslated at rates prevailing at the reporting date and are recognized in the Consolidated Profit and Loss in the period in which they arise.

LYDIAN INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2018 and 2017

(expressed in thousands of US Dollars, unless otherwise stated)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, at banks and other highly liquid short-term instruments with initial maturities of 90 days or less.

Restricted cash

Cash subject to restrictions that prevent its immediate use for general purposes is excluded from cash and cash equivalents. Restricted cash is separately reported as current or non-current depending on the expected disposition of the use restrictions.

Financial instruments (assets)

The Company's financial assets include:

- Cash and cash equivalents, restricted cash that are initially recorded at fair value and are subsequently measured at amortized cost;
- Receivables that are initially recorded at fair value and subsequently measured at amortized cost less any impairment losses, and;
- Derivative assets that are originally recorded at fair value and subsequently remeasured at fair value with changes recorded through profit and loss.

Financial instruments (liabilities)

The Company's financial liabilities include:

- Accounts payable and accrued liabilities which are initially recorded at fair value and carried at amortized cost;
- Stream and debt which are initially recognized at fair value (net of transaction costs) and subsequently carried at amortized cost using the effective interest method, and;
- Derivative liabilities which are originally recorded at fair value and subsequently remeasured at fair value with changes recorded through profit and loss.

The Company classifies financing arrangements giving consideration to cash flow characteristics, contractual terms and relevant business objectives. Financing arrangements are classified as a financial liability when all or a significant portion of the commitment can be settled in cash and, in management's judgment, other considerations are insufficient to support an alternative accounting method.

Derivatives, other than those deemed to be swaps, are accounted for at fair value on the inception date. Swap derivatives have a zero-fair value at inception as the strike price of the underlying variable will be equal to the market price. After inception, all derivatives are adjusted to fair value as of the financial statement date, with the amount of adjustment being recognized currently as a gain or loss in the statement of profit and loss.

Financing costs

Costs incurred for debt and equity arrangements are recorded as financing costs. Such costs include legal and accounting fees, fees from independent engineers, printing costs, investment banker or registration fees, agency fees, arrangement fees, and the fair value of derivatives resulting from such debt and equity arrangements. As proceeds from financing transactions are received, the associated costs are allocated to and reclassified against such financing arrangements. Financing costs associated with debt are expensed over time as interest expense using the effective interest rate method, unless capitalized during

LYDIAN INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2018 and 2017

(expressed in thousands of US Dollars, unless otherwise stated)

construction period. In the event that a financing effort is abandoned, or unsuccessful, allocable financing costs are charged to expense.

Refundable Value Added Tax

Value added tax is paid to the Armenian government for the provision of certain goods and services. Refundable value added tax is recoverable at the time of export sale or earlier through certain legislated provisions. The Company classifies refundable VAT as a current asset if the refund has been applied for and accepted by the government, all other refundable VAT is presented as a long-term asset.

Deferred Value Added Tax

Value added tax associated with import of certain equipment can be deferred for up to three years based on the Armenian regulation. On import, the Company records a long-term VAT receivable and a long-term VAT payable as the timing of the recoverability and payment are different. Subsequently, amounts are presented as current if the amount recoverable or due within one year from the reporting date.

Exploration and evaluation assets

Exploration and evaluation expenditures comprise costs incurred directly in exploration and evaluation, as well as the cost of mineral licenses. Such costs are capitalized as exploration and evaluation assets subsequent to acquisition of the licenses and pending determination of the feasibility of the project and an affirmative construction decision by the Company.

Development costs

Expenditures are considered to be development costs when the work completed supports the future development of the property through the issuance of a technical report, in accordance with NI 43-101, and such development decision receives appropriate Board approvals. In addition to economic viability, the Board also considers the ability to obtain commercial financing and the Company's ability to execute within time and cost limitations. The Company's Amulsar Gold Project is a development asset.

Development costs are capitalized and include costs directly related to bringing the mine to production. Development costs include:

- costs of exploration reclassified to development once economic recoverability is demonstrable and development is approved by the Board;
- environmental assessment and permitting costs;
- costs to acquire surface rights;
- construction in progress, including advances to contractors;
- asset restoration and rehabilitation costs;
- interest costs; and
- other costs directly associated with mine development.

Costs incurred during long periods of work stoppage are expensed as incurred, unless such costs provide a direct benefit toward project development. As assets are placed in service, costs are transferred to plant and equipment.

LYDIAN INTERNATIONAL LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(expressed in thousands of US Dollars, unless otherwise stated)

Restoration and reclamation

Provisions for reclamation and closure cost obligations represent management's best estimate of the present value of the future expenditures required to settle the obligation which reflects estimates of future costs, inflation rates, changes in foreign exchange rates and assumptions of risks associated with the future expenditures, using a pre-tax interest rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Changes in the above factors can result in a change to the provision being recognized. An asset retirement obligation to incur decommissioning and reclamation costs generally occurs when an environmental disturbance is caused by exploration, evaluation or development. Costs are estimated on the basis of a closure plan and are subject to periodic review. Decommissioning and site reclamation costs are discounted to present value when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs will be charged through depreciation and/or depletion of the asset and unwinding of the discount on the provision.

Capitalized interest

Interest costs are capitalized for assets that require a significant amount of time to prepare for their intended use, which includes the Amulsar Gold Project. Capitalization ceases when the asset is available for use in the manner intended by management, or if active development is suspended. The amounts capitalized represents the borrowing costs specific to those borrowings used to finance construction of the Amulsar Gold Project.

Impairment of development assets

The Company reviews and evaluates the carrying value of its development assets for impairment when events or changes in circumstances create indicators that the carrying amounts of the related asset may not be recoverable. The identification of such events or changes and the performance of the assessment requires significant judgment. Furthermore, management's estimates of many of the factors relevant to completing this assessment, including gold and silver prices, foreign currency exchange rates, interest rates, mineral resources and mineral reserves, recovery rates, capital and operating costs and reclamation costs, also involve significant judgement and are subject to risks and uncertainties that may further affect the determination of the recoverability of the carrying amount.

If any such indicator exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In determining the recoverable amounts of the Company's development assets, the Company uses the fair value less costs to sell approach until such time as a value in use can be determined. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. When there is no binding sales agreement, fair value less costs to sell is estimated as the discounted future pre-tax, post royalty cash flows expected to be derived from the asset, less an amount for costs to sell estimated based on similar transactions. The inputs used in the fair value measurement constitute Level 3 inputs under the fair value hierarchy. When discounting estimated future cash flows, the Company uses a discount rate that would approximate what market participants would assign. Estimated cash flows are based on expected future production, metal selling prices, operating costs and capital costs.

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(expressed in thousands of US Dollars, unless otherwise stated)

If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit and loss for that period. Impairment is assessed at the level of cash-generating units ("CGUs"), which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Plant and equipment

Plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses.

The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

Depreciation of plant and equipment is based on the cost, less estimated residual value, of the asset on a straight-line basis over the estimated useful life and during construction is charged to development costs, otherwise to expense. Depreciation commences when the assets are substantially completed and ready for their intended use. The estimated useful lives are as follows:

Machinery and equipment	7 - 10 years
Motor vehicles	3 - 5 years
Office equipment	3 - 5 years

Impairment of plant and equipment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of the fair value less costs to sell and value in use. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of plant and equipment at the date the impairment is reversed does not exceed what the cost less accumulated depreciation would have been had the impairment not been recognized.

Share-based compensation

Equity-settled awards, including share options and restricted stock units, are measured at fair value at the date of grant and recognized, over the vesting period, based on the Company's estimate of equity settled awards that will eventually vest, along with a corresponding increase in equity. Compensation costs for the Option Plan and RSU Plan are recorded in share-based compensation expense unless directly attributable to a development asset, in which case such costs are capitalized.

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(expressed in thousands of US Dollars, unless otherwise stated)

Under the Company's Stock Option Plan ("Option"), amounts related to expired and exercised options are transferred from share-based compensation reserve to share capital when the related expiration or exercise takes place.

Under the Company's Restricted Stock Unit Plan ("RSU"), awards can be either equity or cash settled upon vesting at the discretion of the Board of Directors. As the Company does not have a present obligation to settle in cash, the awards are treated as equity-settled instruments. The vesting terms for RSUs are specific to each individual award as determined and approved by the Board of Directors. The fair value of the RSUs are recognized over the vesting period specific to the grant. On redemption of the RSUs, the accumulated amount in the reserve is credited to share capital.

Blockade expense

Costs incurred during long periods of work stoppage do not directly relate to bringing the mine to production and are therefore expensed.

Taxation

The Company has minimal taxable profit. Until such time as the Company has certainty as to future profits, deferred tax assets and tax liabilities are not recognized.

Operating leases

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Net profit (loss) per share

Net profit (loss) per ordinary share is calculated by dividing the net profit (loss) attributed to shareholders for the period by the weighted average number of ordinary shares outstanding during the period. Diluted profit (loss) per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares using the treasury stock method.

Segment information

The Company has identified its operating segments based on the internal reports that are reviewed and used by executive management (collectively, the Chief Operating Decision Maker, or "CODM") in assessing performance and in determining the allocation of resources. The CODM considers the business from a geographic perspective and assesses the performance of geographic segments based on measures of profit and loss as well as assets and liabilities. These measures include operating expenditures, expenditures on exploration and development, plant and equipment, non-current assets and total debt, if any.

The Company operates under a single geographic segment engaged in mineral exploration and development in the Caucasus region. Financial information is reported to the CODM on at least a monthly

LYDIAN INTERNATIONAL LIMITED

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(expressed in thousands of US Dollars, unless otherwise stated)

basis. As the operations comprise a single segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

4. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

As of January 1, 2018, the Company adopted changes to accounting standards IFRS 2 – Share-based Payments, IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers.

IFRS 2 – Share-based payments

The Company has adopted the amendments to IFRS 2, *Share based payments*. The amendments clarify the accounting treatment for certain types of share-based payment transactions, including the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, accounting for share-based payment transactions with a net settlement feature for withholding tax obligations, and accounting for modifications to the terms and conditions of a share-based payment that changes the classification of the share-based payment transaction from cash-settled to equity-settled. The Company evaluated the change in this standard and there was no impact from the adoption.

IFRS 9 – Financial instruments

The Company has adopted IFRS 9, *Financial instruments*. IFRS 9 replaces the provisions of IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") that relate to the recognition of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting. The standard promulgates a single approach for the classification of financial assets, based on a) the business model used to manage financial assets in order to generate cash flows, and b) the cash flow characteristics of those financial assets.

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics. The Company classifies cash, cash equivalents and receivables at amortized cost and the derivative asset at FVTPL.

IFRS 9 retains the existing requirements in IAS 39 for the classification of financial liabilities. Under IAS 39, all fair value changes on liabilities designated under the fair value option were recognized in profit (loss). Under IFRS 9, those fair value changes are generally presented as follows: (i) the amount that is attributable to changes in the credit risk of the liabilities is presented in other comprehensive income (loss) ("OCI") and (ii) the remaining amount of change in the fair value is presented in profit (loss). The Company classifies accounts payable, accrued liabilities, stream and debt at amortized cost and the derivative liabilities at FVTPL.

Transition to IFRS 9

In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. On adoption of IFRS 9, there were no differences in the carrying amounts of the Company's financial assets and financial liabilities.

EXHIBIT “H”

*THIS IS EXHIBIT "H", referred to in the
Affidavit of EDWARD A. SELLERS,
sworn on December 22, 2019.*



Commissioner for Taking Affidavits

**AMENDED AND RESTATED PURCHASE AND SALE AGREEMENT
(GOLD AND SILVER)**

LYDIAN INTERNATIONAL LIMITED

as a Guarantor

– and –

**LYDIAN ARMENIA CJSC
(FORMERLY, GEOTEAM CJSC)**

as Seller

– and –

**OSISKO BERMUDA LIMITED (AS SUCCESSOR TO ORION CO IV (SO) LIMITED),
RESOURCE CAPITAL FUND VI L.P. AND EACH OF THE OTHER PURCHASERS
FROM TIME TO TIME PARTY HERETO**

as Purchasers

– and –

**OSISKO BERMUDA LIMITED
(AS SUCCESSOR TO ORION CO IV (SO) LIMITED)**

as Purchasers' Agent

January 15, 2019

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THIS AMENDED AND RESTATED PURCHASE AND SALE AGREEMENT dated as of January 15, 2019.

BETWEEN:

LYDIAN INTERNATIONAL LIMITED, a company existing under the laws of Jersey ("Lydian")

– and –

LYDIAN ARMENIA CJSC (FORMERLY, GEOTEAM CJSC), a closed joint stock company formed under the laws of the Republic of Armenia (the "Seller")

– and –

OSISKO BERMUDA LIMITED (AS SUCCESSOR TO ORION CO IV (SO) LIMITED), RESOURCE CAPITAL FUND VI L.P. AND EACH OF THE PURCHASERS FROM TIME TO TIME PARTY HERETO

– and –

OSISKO BERMUDA LIMITED (AS SUCCESSOR TO ORION CO IV (SO) LIMITED), an exempted company formed under the laws of Bermuda, in its capacity as the Purchasers' Agent

WITNESSES THAT:

WHEREAS the Seller, an indirect, wholly-owned Subsidiary of Lydian, is the sole owner of the Project Real Property, and is currently developing the Project;

AND WHEREAS the Seller agreed to sell to the Purchasers, and the Purchasers agreed to purchase from the Seller, Refined Gold and Refined Silver produced from the Project Real Property, subject to and in accordance with the terms and conditions of a purchase and sale agreement dated as of November 30, 2015, as amended by a first amending agreement dated March 11, 2016, a second amending agreement dated August 30, 2016, a third amending agreement dated June 30, 2017 and a fourth amending agreement dated September 28, 2018 (the "Original Purchase and Sale Agreement");

AND WHEREAS the parties have agreed to amend and restate the Original Purchase and Sale Agreement;

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties hereto, the Parties mutually agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

For the purposes of this Agreement (including the recitals hereto and the Schedules), unless the context otherwise requires, the following terms shall have the respective meanings given to them, as set out below, and grammatical variations of such terms shall have corresponding meanings:

“Acquisition” means, with respect to any Person, any purchase or other acquisition by such Person, regardless of how accomplished or effected (including any such purchase or other acquisition effected by way of amalgamation, merger, arrangement, business combination or other form of corporate reorganization or by way of purchase, lease or other acquisition arrangements), of: (a) any other Person (including any purchase or acquisition of such number of the issued and outstanding securities of, or such portion of an equity interest in, such other Person so that such other Person becomes a Subsidiary of the purchaser or of any of its Affiliates) or of all or substantially all of the property of any other Person, or (b) any division, business, project, operation or undertaking of any other Person or of all or substantially all of the property of any division, business, project, operation or undertaking of any other Person.

“Affiliate” means, with respect to any Person, any other Person which directly or indirectly, through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such Person.

“Aggregate Gold Quantity” means 142,454 ounces of Refined Gold, subject to reduction in accordance with Section 2.8.

“Aggregate Silver Quantity” means 694,549 ounces of Refined Silver, subject to reduction in accordance with Section 2.8.

“Agreement” means this amended and restated purchase and sale agreement and all attached schedules, in each case as the same may be amended, restated, amended and restated, supplemented, modified or superseded from time to time in accordance with the terms hereof.

“AML Legislation” means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Proceeds of Crime (Jersey) Law 1999*, the *Terrorism (Jersey) Law 2002* and the *Money Laundering (Jersey) Order 2008* (Jersey), Armenian law “*On Combating Money Laundering and Terrorism Financing*” and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” Applicable Laws, whether within Canada or Jersey, to the extent applicable to any Lydian Group Member, elsewhere, including any regulations, guidelines or orders thereunder.

"Annual Compliance Certificate" means a certificate signed by an authorized senior officer of each of Lydian and the Seller, the form of which is attached to this Agreement as Schedule A.

"Annual Forecast Report" means a written report in relation to a fiscal year with respect to the Project, to be prepared by or on behalf of the Seller, including with reasonable detail:

- (i) the amount and a description of planned exploration, including a breakdown by exploration target;
- (ii) the amount and a description of planned development, operating and capital expenditures (excluding exploration expenditures);
- (iii) a forecast, based on the then current Mine Plan, for such fiscal year on a month-by-month basis and over the remaining life of the mine on a year-by-year basis of:
 - (A) the tonnes and grade of Minerals to be mined;
 - (B) the tonnes and grade of Minerals to be stockpiled; and
 - (C) the tonnes and grade of Minerals to be processed, and expected recoveries for gold, silver and other types of marketable minerals.

"Annual Operations Report" means a written report prepared by or on behalf of the Seller in relation to a fiscal year, which report shall include all material information pertaining to the development or operations of the Project, including the following information for such year:

- (i) the tonnes and grade of Minerals mined during such year;
- (ii) the tonnes and grade of Minerals stockpiled during such year (and the total stockpile at the end of such year);
- (iii) the tonnes and grade of Minerals processed during such year and recoveries for gold, silver, and other types of marketable minerals;
- (iv) the number of ounces of gold and silver outturned by the Refinery during such year;
- (v) the estimated number of ounces of gold and silver contained in Minerals processed as of the end of such year that have not yet been delivered to or outturned by the Refinery;
- (vi) a statement setting out the mineral reserves and mineral resources (by category) prepared in accordance with National Instrument 43-101 (with

the assumptions used, including cut-off grade, metal prices and metal recoveries) as of the end of such year;

- (vii) a review of the exploration, development and operating activities for such year, including:
 - (A) the amount and a description of exploration expenditures, including a breakdown by exploration target, and variances from projected exploration expenditures, and a report on the result of exploration activities conducted during such year, including all geological, geophysical, geochemical, sampling, drilling, trenching, analytical testing assaying, mineralogical, metallurgical and other similar information, including maps, charts and surveys;
 - (B) the amount and a description of operating and capital expenditures (excluding exploration expenditures) and variances from projected operating and capital expenditures;
 - (C) a report on any material issues or departures from that contemplated by the Mine Plan, as applicable as of the first day of such year;
 - (D) any actual or expected adverse impact on development or production or recovery of gold or silver, whether as to quantity or timing, together with the details of the plans to resolve or mitigate such matters; and
 - (E) if applicable, the percentage completion compared to the Mine Plan of the major elements of construction and the anticipated, Production Start Date, Commercial Production Date and/or Completion Date, if they have not yet then occurred; and
- (viii) details of any material health or safety violations and/or material violations of any Applicable Laws, or any material non-compliance with Environmental and Social Requirements, the HSEC Policy or the Anti-Corruption Policy.

The Annual Operations Report shall also contain a report on any Encumbrances placed on the Collateral securing amounts greater than \$1,000,000 in the aggregate, other than the Security.

“Anti-Corruption Laws” means the *Corruption of Foreign Public Officials Act* (Canada), the *United Kingdom Bribery Act 2010*, the *Corruption (Jersey) Law 2006* (Jersey) and the *United States Foreign Corrupt Practices Act of 1977*, and all other laws, rules, and regulations of any jurisdiction applicable to any Lydian Group Member from time to time concerning or relating to bribery or corruption.

“Anti-Corruption Policy” means the anti-bribery and anti-corruption policy of the Lydian Group Members adopted by the Board, as the same may be amended, revised, supplemented or replaced from time to time in accordance with this Agreement.

“Applicable Law” means any law (including common law and equity), any international or other treaty, any domestic or foreign constitution or any multinational, federal, provincial, territorial, state, municipal, county or local statute, law, ordinance, code, rule, regulation, Order (including any securities laws or requirements of stock exchanges and any consent, decree or administrative Order), or Authorization of a Governmental Body in any case applicable to any specified Person, property, transaction or event, or any such Person’s property or assets.

“Arbitration Rules” means the International Arbitration Rules of the International Centre for Dispute Resolution.

“Armenian Equipment Agreement” means the principal agreement, dated November 17, 2016, between Ameriabank Closed Joint-Stock Company and the Seller.

“Armenian Share Pledge Condition” has the meaning set out in Section 3.3(l).

“Associate” has the meaning ascribed to such term in the *Securities Act* (Ontario), as in effect on the date of this Agreement.

“Authorization” means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Body having jurisdiction with respect to any specified person, property, transaction or event, or with respect to any of such person’s property or business and affairs (including any zoning approval, mining permit, development permit or building permit) or from any Person in connection with any easements, contractual rights or other matters.

“Board” means the board of directors of Lydian.

“Business Day” means any day, other than a Saturday, Sunday or statutory holiday in any one of New York City, New York, Hamilton, Bermuda, St Helier, Jersey, or Yerevan, Armenia, or a day on which banks are generally closed in any one of those cities.

“BVI Pledge Agreements” means, collectively, (i) the charge over shares between Lydian, Lydian International Holdings Limited and the Collateral Agent with respect to Lydian’s equity interests in Lydian International Holdings Limited, (ii) the charge over shares between Lydian International Holdings Limited, Lydian Resources Armenia Limited and the Collateral Agent with respect to Lydian International Holdings Limited’s equity interests in Lydian Resources Armenia Limited, and (iii) the charge over shares between Lydian Holdings International Limited, Lydian Resources Kosovo Limited and the Collateral Agent with respect to Lydian Holdings International Limited’s equity interests in Lydian Resources Kosovo Limited.

“Change of Control” of a Person (the “subject person”) means the consummation of any transaction, including any consolidation, arrangement, amalgamation or merger or any issue, Transfer or acquisition of securities, the result of which is that any other Person or group of other persons acting jointly or in concert for purposes of such transaction acquires control, directly or indirectly, of the Subject Person.

“Closing Date” means December 4, 2015, or such later date on which all of the conditions in Section 3.3 have been satisfied or waived.

“Closing Date Security Documents” means the Security Documents described in Section 9.1.

“Collateral” means the Project Property and the presently held and future acquired undertaking, property and assets of the Seller and each Guarantor charged or intended to be charged pursuant to the Security Documents, unless and until released (in respect of certain of the Lydian Group Members) in accordance with Section 9.9, provided that Project Property that is subject to the Equipment Financing shall at all times be subject to the Equipment Financing Intercreditor Agreements.

“Collateral Agent” means Orion Co IV (ED) Limited, in its capacity as collateral agent for the Purchasers hereunder and for the lenders under the Credit Facility as appointed pursuant to the Credit Facility Intercreditor Agreement, or any successor Collateral Agent appointed thereunder.

“Commercial Production Date” means the last day of the first period of 30 consecutive days during which the Project achieves a production rate of at least 60% of capacity (as set forth in the Mine Plan) and meets certain other criteria, all as set forth, monitored and certified by the Independent Engineer in a certificate, the form of which is attached to this Agreement as Schedule B.

“Commitment” means, with respect to any Purchaser, the amount of the Deposit funded, or to be funded by, or otherwise attributable to, such Purchaser, as set out beside such Purchaser's name in Schedule C, as amended from time to time in accordance with this Agreement.

“Completion Date” means the last day of the first period of 60 consecutive days during which the Project achieves a production rate of at least 85% of capacity (as set forth in the Mine Plan) and meets certain other criteria, all as set forth, monitored and certified by the Independent Engineer in a certificate, the form of which is attached to this Agreement as Schedule D; provided, however, that the Completion Date shall be deemed to have not occurred unless Lydian has complied with its obligations under Section 5.5(b).

“Concurrent Public Offering” means the public offering of subscription receipts, exchangeable into ordinary shares and ordinary share purchase warrants of Lydian, for aggregate gross proceeds of not less than \$25,000,000, to be completed by Lydian in conjunction with the Private Placement.

“Confidential Information” has the meaning set out in Section 6.8(a).

“Construction Budget” means the budget for the construction of the Project as approved by the Board, the most recent version of which is set forth at Schedule E, as the same may be amended, revised, supplemented or replaced from time to time in accordance with the terms of this Agreement.

“Contract” means any agreement, contract, lease, licence, concession, option, indenture, mortgage, deed of trust, debenture, note or other instrument, arrangement, understanding or commitment, whether written or oral.

“Control” means, in respect of a particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise.

“Corrective Action Plan” means a plan to correct and remedy all non-compliance by the Project with any applicable Environmental and Social Requirements or the HSEC Policy and any adverse effects resulting from same.

“Credit Agreement” means the credit agreement dated November 30, 2015 between the lenders thereto and the Seller providing for the Credit Facility, as the same has been amended from time to time and may be further amended, restated, amended and restated, supplemented, modified or superseded from time to time.

“Credit Facility” means collectively the loan facilities provided for by the Credit Agreement making \$141,795,765.25 of construction and development financing for the Project available to the Seller, as the same may be further increased, decreased or otherwise modified from time to time.

“Credit Facility Intercreditor Agreement” means the intercreditor agreement to be entered into among the Administrative Agent, on behalf of the lenders under the Credit Facility, the Purchasers’ Agent on behalf of the Purchasers, the Collateral Agent and the Lydian Group Members.

“Date of Delivery” has the meaning set out in Section 2.3(a).

“Debt” means, at any time, with respect to any Person on a consolidated basis with its Subsidiaries, without duplication and without regard to any interest component thereof (whether actual or imputed) that is not due and payable, the aggregate of all the liabilities of that Person at that time that according to IFRS are required to appear in that Person’s financial statements including the following amounts, each calculated in accordance with IFRS:

- (i) all obligations, including by way of overdraft and drafts or orders accepted representing extensions of credit, that would be considered to be indebtedness for borrowed money, and all obligations, whether or not with respect to the borrowing of money, that are evidenced by bonds, debentures, notes or other similar instruments;
- (ii) the face amount of all bankers’ acceptances and similar instruments;

- (iii) all liabilities upon which interest charges are customarily paid by that Person, other than liabilities for Taxes;
- (iv) any capital stock of that Person, or of any Subsidiary of that Person, which capital stock, by its terms or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder, or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part;
- (v) all Finance Lease Obligations, synthetic lease obligations, obligations under Sale-Leasebacks and Purchase Money Obligations;
- (vi) the amount of all contingent liabilities in respect of letters of credit and similar instruments;
- (vii) accounts payable and accruals that are over 120 days past due (except to the extent being contested in good faith);
- (viii) contingent liabilities in respect of performance bonds, surety bonds and product warranties, and any other contingent liability, in each case only to the extent that the contingent liability is required by IFRS to be treated as a liability on a balance sheet of the Person contingently liable; and
- (ix) the amount of the contingent liability under any Guarantee in any manner of any part or all of an obligation of another Person of the type included in items (i) through (viii) above.

"Defaulting Purchaser" has the meaning set out in Section 12.1.

"Deposit" has the meaning set out in Section 3.1(a).

"Deposit Reduction Date" means the date on which the Deposit is reduced to nil in accordance with this Agreement.

"Designated Gold Percentage" means, in respect of each Outturn, 6.75% of the number of ounces of Refined Gold produced from Minerals and credited to the Seller by the Refinery, subject to reduction in accordance with Section 2.8.

"Designated Silver Percentage" means, in respect of each Outturn, 100% of the number of ounces of Refined Silver produced from Minerals and credited to the Seller by the Refinery, subject to reduction in accordance with Section 2.8.

"Early Termination Amount" means, at any time, an amount equal to the sum of the amounts calculated separately in respect of each of the First Deposit, Second Deposit and Third Deposit using the following formula:

$$A \times (1 + B)^{C/12}$$

where:

“A” is equal to amount of the Uncredited Balance attributable to such Deposit at such time (with the amount to be attributed to such Deposit based on a last-in, first-out method of accounting, such that amounts credited against the Deposit are credited against the Third Deposit first);

“B” is equal to 15%; and

“C” is equal to the number of full months having elapsed between the funding of such Deposit and the payment in full of the Early Termination Amount.

“**EHS Guidelines**” means the World Bank Group Environmental, Health and Safety Guidelines (April 2007) and Environmental, Health and Safety Guidelines for Mining (December 2007), as amended, supplemented or superseded from time to time.

“**Eligible Transferee**” means either:

- (i) a Person that has sufficient financial resources and technical and operational capability to continue the development and operation of the Project in a manner that provides reasonable assurance that the Project will be developed and operated in a commercially reasonable manner and in accordance with the Material Project Agreements, all Applicable Laws, Project Authorizations, Other Rights, Environmental and Social Requirements, Good Industry Practice, the Mine Plan and otherwise in accordance with this Agreement; or
- (ii) a Person whose obligations are fully and unconditionally guaranteed by a Person meeting the conditions in clause (i) above pursuant to an instrument in writing executed and delivered by such Person in favour of the Purchasers (in form and substance satisfactory to the Purchasers' Agent acting reasonably).

“**Encumbrance**” means any mortgage, debenture, pledge, hypothec, lien, charge, assignment by way of security, consignment, lease, hypothecation, security interest, including a purchase money security interest, or other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or obligation.

“**Environmental and Social Laws**” means, collectively, Environmental Laws applicable to the Project, Applicable Laws related to Environmental or Social Matters and any specific agreements entered into with any Governmental Body which include commitments related to Environmental or Social Matters.

“**Environmental and Social Matters**” means those environmental and social aspects identified in the ESIA which are considered relevant to the Project.

“Environmental and Social Requirements” means, collectively, Environmental and Social Laws, the Performance Standards and the EHS Guidelines and any additional requirements necessary to comply with the Equator Principles.

“Environmental Laws” means all Applicable Laws relating to the protection of the environment, natural resources, human health, occupational safety, Hazardous Substances, the assessment of environmental and social impacts or the rehabilitation, reclamation and closure of lands used in connection with the Project.

“Equator Principles” means the Equator Principles - June 2013, developed by the Equator Principles Association, as amended, supplemented or superseded from time to time.

“Equipment Financing” means one or more committed equipment financing facilities in the aggregate principal amount of at least \$70,000,000 entered into by the Seller with one or more equipment financiers.

“Equipment Financing Intercreditor Agreements” means one or more intercreditor agreements to be entered into between an equipment financier under the Equipment Financing, the Collateral Agent and the Seller, in a form to be agreed and which shall be in accordance with the intercreditor principles attached hereto as Schedule F in relation to equipment financing.

“Equity Financing” means the equity financing of Lydian to be completed prior to or contemporaneously with the funding of the Second Deposit for aggregate gross proceeds of not less than \$102,600,000, to be comprised of the issuance of ordinary shares pursuant to the Private Placement and the issuance of ordinary shares and ordinary share purchase warrants pursuant to the Concurrent Public Offering.

“ESIA” means the Environmental and Social Impact Assessment prepared by the Seller for the Project and published in May 2015, together with all management plans required thereby, as the same may be amended, revised, supplemented or replaced from time to time.

“Excluded Taxes” has the meaning set out in Section 14.2(b).

“Execution Date” means November 30, 2015.

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code of 1986, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code of 1986.

“Finance Lease Obligation” means, for any Person, any payment obligation of such Person under an agreement for the lease, license or rental of, or providing such Person with the right to use, property that, in accordance with IFRS, is required to be capitalized.

"Financial Assistance" given by any Person (the "Financial Assistance Provider") to or for the account or benefit of any other Person (the "Financial Assistance Recipient") means any direct or indirect financial assistance of any nature, kind or description whatsoever (by means of loan, Guarantee or otherwise) of or from such Financial Assistance Provider, or of or from any other Person with recourse against such Financial Assistance Provider or any of its property, to or for the account or benefit of the Financial Assistance Recipient (including Investments in a Financial Assistance Recipient, Acquisitions from a Financial Assistance Recipient, and gifts or gratuities to or for the account or benefit of a Financial Assistance Recipient).

"Financial Statements" means the audited consolidated financial statements of Lydian as at and for the year ended December 31, 2014, including the notes thereto, together with the auditor's report thereon, and the unaudited consolidated interim financial statements of Lydian for the three and nine-month periods ending September 30, 2015, which form part of the Public Disclosure Documents.

"First Deposit" has the meaning set out in Section 3.1(a)(i).

"First Stage Security Deadline" means the date which is one month from the Execution Date.

"First Stage Security Documents" means the Security Documents described in Section 9.2.

"Fixed Gold Price" means \$400.00 per ounce, subject to increase by 1.0% per annum (on a compounded basis) starting on the third anniversary of the Commercial Production Date (such amount to be rounded to four decimal places). For greater certainty, on the third anniversary of the Commercial Production Date the Fixed Gold Price shall be increased to \$404.0000 per ounce, on the fourth anniversary of the Commercial Production Date the Fixed Gold Price shall be increased to \$408.0400 per ounce and so on.

"Fixed Silver Price" means \$4.00 per ounce, subject to increase by 1.0% per annum (on a compounded basis) starting on the third anniversary of the Commercial Production Date (such amount to be rounded to four decimal places). For greater certainty, on the third anniversary of the Commercial Production Date the Fixed Silver Price shall be increased to \$4.0400 per ounce, on the fourth anniversary of the Commercial Production Date the Fixed Silver Price shall be increased to \$4.0804 per ounce and so on.

"Forbearance Agreement" has the meaning set out in the Credit Agreement.

"General Security Agreement" means an agreement pursuant to which the Seller or a Guarantor grants a security interest to the Purchasers in all of its presently held and future acquired Collateral.

"Gold Market Price" means, with respect to any day, the afternoon per ounce LBMA Gold Price in U.S. dollars quoted by the London Bullion Market Association (currently in partnership with ICE Benchmark Administration) for Refined Gold on such day or, if

such day is not a trading day, the immediately preceding trading day; provided that (i) if the LBMA Gold Price is no longer quoted by the London Bullion Market Association, the Gold Market Price shall be determined by reference to the price of Refined Gold in the manner endorsed by the London Bullion Market Association, or (ii) if the London Bullion Market Association ceases to be in operation, the Gold Market Price shall be determined by reference to the price of Refined Gold in the manner endorsed by the World Gold Council, failing which the Gold Market Price will be determined by reference to the price of Refined Gold on a commodity exchange mutually acceptable to the Seller and the Purchasers' Agent, each acting reasonably.

"Gold Purchase Price" has the meaning set out in Section 2.5.

"Good Industry Practice" means, in relation to any decision or undertaking, the exercise of that degree of diligence, skill, care, prudence, oversight, economy and stewardship which is commonly observed or would reasonably be expected to be observed by skilled and experienced professionals in the international mining industry engaged in the same type of undertaking under the same or similar circumstances and giving consideration to local and regional conditions and circumstances.

"Governmental Body" means any domestic or foreign federal, provincial, regional, state, municipal or other government, governmental department, agency, authority or body (whether administrative, legislative, executive or otherwise), court, tribunal, commission or commissioner, bureau, minister or ministry, board or agency, or other regulatory authority, including any securities regulatory authorities or stock exchange, and including the Ministry of Energy and Natural Resources of the Republic of Armenia.

"Guarantee" means, with respect to any person, any direct or indirect liability, contingent or otherwise, of such Person with respect to any indebtedness, letter of credit, lease, dividend or other obligation of another, including any such obligation directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business) or discounted or sold with recourse by such person, or in respect of which such Person is otherwise directly or indirectly liable, including any such obligation in effect guaranteed by such Person through any agreement (contingent or otherwise) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain the solvency or any balance sheet or other financial condition of the obligor of such obligation (including keep-well covenants), or to make payment for any products, materials or supplies or for any transportation or services regardless of the non-delivery or non-furnishing thereof, in any such case if the purpose or intent of such agreement is to provide assurance that such obligation will be paid or discharged, or that any agreements relating thereto will be complied with, or that the lender of such obligation will be protected against loss in respect thereof. The amount of any guarantee shall be equal to the outstanding principal amount of the obligation guaranteed or such lesser amount to which the maximum exposure of the guarantor shall have been specifically limited.

"Guarantee Release Date" means the date on which certain of the Guarantees and Security provided by the Lydian Group Members in connection herewith are released pursuant to Section 9.9.

"Guarantors" means, collectively, (i) prior to the Completion Date, Lydian and each of its Subsidiaries (other than the Seller), and (ii) thereafter, Lydian and any PSA Entity and **"Guarantor"** means any one of them, as the context may require. As of the date hereof, the Guarantors are Lydian, Lydian US Corporation, Kavkaz Zoloto CJSC, Lydian International Holdings Limited, Lydian Resources Georgia Limited, Lydian Resources Kosovo Limited, Lydian Resources Armenia Limited and Georgian Resource Company LLC.

"Hazardous Substances" means any substance, material or waste defined, regulated, listed or prohibited by Environmental Laws, including pollutants, contaminants, chemicals, deleterious substances, dangerous goods, hazardous or industrial toxic wastes or substances, tailings, wasterock, radioactive materials, flammable substances, explosives, petroleum and petroleum products, polychlorinated biphenyls, chlorinated solvents and asbestos.

"HSEC Policy" means the integrated health, safety, environmental and community policies and operating guidelines for the Project adopted by the Board, as the same may be amended, revised, supplemented or replaced from time to time.

"IFC" means the International Finance Corporation.

"IFC Agreements" means the subscription agreement dated March 21, 2014 between Lydian and IFC and the subscription agreement dated March 21, 2015 between Lydian and IFC.

"IFRS" means the International Financial Reporting Standards adopted by the International Accounting Standards Board from time to time.

"Inchoate Lien" means, with respect to any property or asset of any Person, the following liens:

- (i) any lien for Taxes, assessments or governmental charges not yet due or being contested in good faith by appropriate proceedings and for which a reasonable reserve satisfactory to the Purchasers' Agent has been provided; and
- (ii) undetermined or inchoate liens, privileges or charges incidental to current operations which have not been filed (or are not required to be filed) pursuant to law against such Person's property or assets or which relate to obligations not due or delinquent.

"Independent Engineer" means Micon International Limited, or another internationally recognized mine engineering firm acceptable to the Purchasers' Agent, acting reasonably.

"Initial Armenian Security Documents" means, collectively: (i) the Pledge of Moveable Assets; (ii) the Mortgage; (iii) the Pledge of Mining Rights; and (iv) the Pledge of Turnover Property.

"Investment" means, with respect to any Person, the making by such Person of: (i) any direct or indirect investment in or purchase or other acquisition of the securities of or an equity interest in any other Person, (ii) any loan or advance to, or arrangement for the purpose of providing funds or credit to (excluding extensions of trade credit in the ordinary course of business in accordance with customary commercial terms), any other Person, or (iii) any capital contribution to (whether by means of a transfer of cash or other property or any payment for property or services for the account or use of) any other Person; provided that, for greater certainty, an Acquisition shall not be treated as an Investment.

"Jersey Bank Account Security Agreement" means the bank account security agreement between Lydian and the Collateral Agent with respect to Lydian's bank accounts situated in Jersey.

"Key Transaction Documents" means, collectively this Agreement, the Credit Agreement, the Credit Facility Intercreditor Agreement, the Equipment Financing Intercreditor Agreement, the Newmont Subordination Agreement, the Offtake Agreement, the Subscription Agreements and the Warrant Certificates.

"Losses" means any and all damages, claims, losses, diminution of value, liabilities, fines, injuries, costs, penalties and expenses (including reasonable legal fees). Losses shall not include consequential, special, exemplary, indirect, incidental or punitive damages or loss of profits or opportunity except to the extent such losses are awarded to a third party in connection with a claim by a third party.

"Lydian Group Members" means, collectively, Lydian and its Subsidiaries and **"Lydian Group Member"** means any one of them.

"Majority Purchasers" means, at any time, one or more Purchasers holding Commitments greater than $66\frac{2}{3}\%$ of the total Commitments under this Agreement (provided that any defaulted Commitments shall be disregarded for such purposes) or, if the full amount of the Deposit has been funded or the Commitments have otherwise been terminated or expired, one or more Purchasers holding a Purchaser's Share greater than $66\frac{2}{3}\%$ in the aggregate.

"Material Adverse Effect" means any change, event, occurrence, circumstance, fact or effect that, when taken individually or together with all other events, occurrences, changes or effects has, or could reasonably be expected to have, a material adverse effect on:

- (i) the operations, results of operations, business, affairs, properties, assets, prospects, liabilities and obligations (contingent or otherwise), capitalization or condition (financial or otherwise) of (A) the Seller or (B) the Lydian Group Members, taken as a whole;

- (ii) the Project, including (A) the ability of the Seller to develop or operate the Project substantially in accordance with the Mine Plan in effect at the time of the occurrence of such change, event, occurrence, circumstance, fact or effect, or (B) any significant decrease to expected gold or silver production from the Project based on the Mine Plan in effect at the time of the occurrence of such change, event, occurrence, circumstance, fact or effect; or
- (iii) the ability of any Lydian Group Member to perform its obligations under any Stream Document to which it is a party, the legality, validity, binding effect or enforceability against a Lydian Group Member of any Stream Document to which it is a party, or the rights and remedies of the Purchasers' Agent or Purchasers under the Stream Documents,

provided, in each case, that it shall not include any event, change or effect resulting exclusively from (x) the announcement of the execution of this Agreement or any other Transaction Document; (y) any change in the price of the publicly listed stock of Lydian; or (z) any change in gold or silver prices (it being understood that the underlying effects, events, facts or occurrences giving rise to any of (x), (y) or (z) that are not otherwise excluded by this proviso may be determined to constitute, or give rise to, a Material Adverse Effect).

"Material Contracts" means (i) the Contracts listed in Schedule G, (ii) the Material Project Agreements, (iii) any Contract involving the potential expenditure or revenue of more than \$10,000,000 in the aggregate or in excess of \$5,000,000 in any fiscal year, and (iv) any other Contract, the breach, loss or termination of which could reasonably be expected to result in a Material Adverse Effect.

"Material Project Agreements" means (i) the Contracts listed in Schedule H, and (ii) any other Project Agreement, the breach, loss or termination of which could reasonably be expected to result in a Material Adverse Effect.

"Material Project Authorization" means the (i) Project Authorizations listed in Schedule I, and (ii) any other Project Authorization, the breach, loss or termination of which could reasonably be expected to result in a Material Adverse Effect.

"Mine Plan" means the development or mine plan, as applicable, for the Project, as approved by the Board, as the same may be amended, revised, supplemented or replaced from time to time in accordance with the terms of this Agreement. As of the date hereof the Technical Report is the Mine Plan.

"Minerals" means any and all marketable metal bearing material in whatever form or state that is mined, produced, extracted or otherwise recovered from the Project Real Property, and including any such material derived from any processing or reprocessing of any tailings, waste rock or other waste products originally derived from the Project Real Property, and including ore and any other products resulting from the further milling, processing or other beneficiation of Minerals, including doré.

"Monthly Operations Report" means a written report prepared by or on behalf of the Seller in relation to the immediately preceding calendar month, which report shall include all material information pertaining to the development or operations of the Project, including the following information for such month:

- (i) a review of the permitting, development or operating activities for the month and a report on any material issues, departures from, or contemplated or potential changes to the Mine Plan, as applicable;
- (ii) a specific review of the grade control and infill drilling activities for the month, including the results thereof, and a report on any material issues, departures from, or contemplated or potential changes to the Project Drilling Plan;
- (iii) until the Completion Date:
 - (1) a summary of the actual Project Costs incurred on a cumulative and monthly basis (including costs committed to and/or actually funded, and, if applicable, the expected time of funding);
 - (2) variances of actual Project Costs from projected Project Costs in the Construction Budget;
 - (3) the percentage completion of the major elements of construction compared to the Mine Plan; and
 - (4) the anticipated Production Start Date, Commercial Production Date and/or Completion Date, if they have not then occurred; and
- (iv) details of any material health or safety violations and/or material violations of any Applicable Laws, or any material non-compliance with the Environmental and Social Requirements, the HSEC Policy or the Anti-Corruption Policy.

The Monthly Operations Report shall also contain a report on any Encumbrances placed on the Collateral securing amounts greater than \$1,000,000 in the aggregate, other than the Security.

"Monthly Production Report" means a written report in relation to a calendar month with respect to the Project that contains, for such month:

- (i) the tonnes and grade of Minerals mined during such month;
- (ii) the tonnes and grade of Minerals stockpiled during such month (and the total stockpile at the end of such month);
- (iii) the tonnes and grade of Minerals processed during such month and recoveries for gold, silver, and other types of marketable minerals;

- (iv) the number of ounces of gold and silver outturned by the Refinery during such month;
- (v) the estimated number of ounces of gold and silver contained in Minerals processed as of the end of such month that have not yet been delivered to or outturned by the Refinery;
- (vi) the aggregate number of ounces of Refined Gold and Refined Silver delivered to the Purchasers under this Agreement up to the end of such month;
- (vii) a detailed calculation of the Uncredited Balance as of the end of such month; and
- (viii) such other information regarding the calculation of the amount of Refined Gold and Refined Silver delivered to the Purchasers as the Purchasers' Agent may reasonably request.

"Mortgage" means the pledge of real property to be entered into between the Seller and the Collateral Agent in a form to be agreed.

"National Instrument 43-101" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators and the companion policy thereto.

"Net Proceeds" means, with respect to the receipt of insurance proceeds under Sections 6.6(b) and 6.6(c), the aggregate amount received by the Lydian Group Members less the taxes, fees, costs and other out-of-pocket expenses (as evidenced by supporting documentation provided to the Purchasers upon request) incurred or paid to a third party by any Lydian Group Member in connection with the claim giving rise to such proceeds, without deduction for any insurance premiums or similar payments, provided however that insurance proceeds arising from third-party liability insurance shall not constitute Net Proceeds under Sections 6.6(b) and 6.6(c).

"Newmont" means Newmont Overseas Exploration Limited or any successor thereto or assignee thereof in respect of the Newmont Royalty.

"Newmont Royalty" means the 3% net smelter return production royalty granted in favour of Newmont pursuant to the royalty agreement dated as of April 23, 2010 among Lydian, Lydian Resources Armenia Limited, the Seller and Newmont Overseas Exploration Limited.

"Newmont Share Charge" means the share charge dated as of April 23, 2010 by Lydian International Holdings Limited in favour of Newmont in respect of the equity interests of Lydian Resources Armenia Limited.

"Newmont Subordination Agreement" means the subordination agreement to be entered into among Newmont, the Collateral Agent, Lydian, the Seller, Lydian

International Holdings Limited and Lydian Resource Armenia Limited in relation to the Newmont Share Charge.

"NPV Criteria" means a calculation of net present value based on (i) the calculation methodology contained in the Technical Report, (ii) the future production set forth in the then current Mine Plan, and (iii) published Selected Commodity Analysts consensus annual future prices for gold and silver. For the purpose of the foregoing, **"Selected Commodity Analysts"** means the respective division, group or entity of each of the following, which is responsible for forecasting metal prices for gold and silver: Bank of America Merrill Lynch, BMO Capital Markets, CIBC World Markets, Credit Suisse, GMP Securities, Morgan Stanley, RBC Capital Markets, Scotia Capital, TD Securities and UBS Securities, provided that any of the foregoing that has not published forecasts for the applicable metal(s) prior to end of the last calendar quarter shall be excluded with respect to such metal(s) and the foregoing list may be updated by the Parties, acting reasonably, in writing from time to time in order to remove and replace any institution that ceases to publish the relevant information. Where such term is used herein, the reference to consensus prices shall be determined based on the most recent forecast published by such persons.

"NPV of the Project" means the net present value of the Project based on the NPV Criteria.

"NPV of the Remaining Stream" means the net present value of the Purchaser's rights under this Agreement based on the NPV Criteria.

"OFAC" means The Office of Foreign Assets Control of the US Department of the Treasury.

"Offtake Agreement" means the offtake agreement dated November 30, 2015 between the Seller and the Purchasers, as the same may be further amended, restated, amended and restated, supplemented, modified or superseded from time to time.

"Order" means any order, directive, decree, judgment, ruling, award, injunction, direction or request of any Governmental Body or other decision-making authority of competent jurisdiction.

"Original Purchase and Sale Agreement" has the meaning ascribed to it in the recitals.

"Other Minerals" means any and all marketable metal bearing material in whatever form or state (including ore) that is mined, produced, extracted or otherwise recovered from any location that is not within the Project Real Property.

"Other Rights" means all licenses, approvals, authorizations, consents, rights (including surface rights, access rights and rights of way), privileges, concessions or franchises held by a Lydian Group Member or required to be obtained from any Person (other than a Governmental Body), for the construction, development and operation of the Project, as such construction, development and operation is contemplated by the current or then applicable Mine Plan.

"Outturn" means an outturn of Refined Gold and/or Refined Silver from the Refinery processed from Minerals.

"Parties" means the parties to this Agreement.

"Performance Standards" means the IFC Performance Standards on Environmental and Social Sustainability, effective January 1, 2012, together with relevant guidance documents, published by the IFC, as amended, supplemented or superseded from time to time.

"Permitted Asset Disposition" means, as at any particular time, a sale, transfer or other disposition of: (i) tangible personal property that is no longer required in the conduct of the business of the Seller and the Guarantors or is being replaced, to a maximum aggregate amount in each fiscal year of the Seller of \$5,000,000 (whether in cash or other property); (ii) Minerals pursuant to this Agreement, the Offtake Agreement or otherwise in the ordinary course of business in compliance with the terms of this Agreement; and (iii) Abandonment Property as permitted under this Agreement.

"Permitted Debt" means:

- (i) the Stream Obligations;
- (ii) the Equipment Financing, to an aggregate principal amount not in excess of \$135,000,000 and unsecured Guarantees, if any, granted by Lydian in favour of an equipment financier in connection with such Equipment Financing;
- (iii) obligations under the Credit Agreement;
- (iv) unpaid installments of the purchase price amounts owing to Newmont (such purchase price not to exceed \$20,000,000 in the aggregate) resulting from the repurchase of the Newmont Royalty;
- (v) Debt secured by Encumbrances permitted pursuant to paragraph (xii) of the definition of "Permitted Encumbrances" (Purchase Money Obligations and Finance Lease Obligations);
- (vi) Subordinated Intercompany Debt;
- (vii) short-term working capital facilities, letters of credit payable to suppliers, or overdraft facilities of the Seller or any Guarantor, in each case, incurred in the ordinary course of business on an unsecured basis, and in an aggregate amount not to exceed of \$2,000,000; and
- (viii) unsecured Debt in respect of surety or completion bonds, standby letters of credit or letters of guarantee securing mine closure, asset retirement and environmental reclamation obligations of the Seller to the extent required by Applicable Laws or a Governmental Body.

“Permitted Encumbrances” means, in respect of any Collateral, any of the following:

- (i) Encumbrances arising from court or arbitral proceedings or any judgment rendered, claim filed or registered related thereto, provided that the judgment or claim secured thereby are being contested in good faith by such Person, adequate reserves with respect thereto are maintained on the books of such Person in accordance with IFRS, execution thereon has been stayed and continues to be stayed and such Encumbrances do not result in an Event of Default or materially impair the operation of the business of the Seller or any Guarantor;
- (ii) good faith deposits made in the ordinary course of business to secure the performance of bids, tenders, contracts (other than for the repayment of borrowed money), leases, surety, customs, performance bonds and other similar obligations, provided such Encumbrances do not materially impair the operation of the business of the Seller or any Guarantor;
- (iii) Encumbrances made or incurred in the ordinary course of business to secure (a) workers’ compensation, surety or appeal bonds, letters of credit, costs of litigation when required by law, Order, and public and statutory obligations, or (b) the discharge of Encumbrances or claims incidental to construction and mechanics’, warehouseman’s, carriers’ and other similar liens or construction and mechanics’ and other similar Encumbrances, provided such Encumbrances do not materially impair the operation of the business of any the Seller or any Guarantor;
- (iv) any development or similar agreements concerning real property of such Person entered into with a Governmental Body or public utility from time to time which do not and will not in the aggregate materially and adversely affect the Security or materially detract from the value of such property or materially impair its use in the operation of the business of such Person, and which are not violated in any material respect;
- (v) any Inchoate Lien;
- (vi) such minor defects as may be revealed by an up to date plan of survey of any property and any minor registered or unregistered encumbrances, including easements, rights of way, encroachments, restrictive covenants, servitudes or other similar rights in land granted to or reserved by other Persons, rights of way for sewers, electric lines, telephone lines and other similar purposes, or zoning by-laws or other restrictions as to the use of real property which defects, encumbrances, easements, servitudes, rights of way and other similar rights and restrictions do not in the aggregate materially detract from the value of the said properties or materially impair their use in the operation of the business of such Person;

- (vii) security or deposits given to a public utility or any Governmental Body when required by such utility or Governmental Body pursuant to any Project Agreement, or in connection with the operations of such entities and in the ordinary course of their business;
- (viii) the Security;
- (ix) Encumbrances securing the obligations under the Credit Agreement, provided that such Encumbrances are subject to the Credit Facility Intercreditor Agreement, or any Refinancing Facility provided that such Encumbrances are subject to an intercreditor agreement entered into in accordance with the terms hereof;
- (x) Encumbrances securing the Equipment Financing; provided that such Encumbrances are subject to an Equipment Financing Intercreditor Agreement;
- (xi) the Newmont Share Charge, provided that such Encumbrance is subject to the Newmont Subordination Agreement;
- (xii) Encumbrances securing Purchase Money Obligations and Finance Lease Obligations (and, for greater certainty, excluding obligations under the Equipment Financing) relating solely to the acquisition of equipment (whether mobile or immobile) necessary for the development, construction or operation of the Project, provided that the aggregate of the Debt outstanding at any time in respect of the Purchase Money Obligations and Finance Lease Obligations referred to in this paragraph (xii) shall not exceed \$10,000,000; and provided that such Encumbrances extend only to the property clearly and individually identified as acquired or financed thereby (including the proceeds of such property) and no recourse is available to any other assets of the Seller or any Guarantor. For the avoidance of any doubt, any funds drawn pursuant to the Armenian Equipment Agreement can be used towards the \$10,000,000 Permitted Encumbrance contemplated by the foregoing paragraph and, in such case, such funds shall not be included in paragraph (ii) of the definition of Permitted Debt;
- (xiii) Encumbrances for Taxes, assessments or governmental charges or levies not at the time due or delinquent provided that the claims secured thereby are being contested in good faith by such Person and adequate reserves with respect thereto are maintained on the books of such Person in accordance with IFRS and such Encumbrances do not result in an Event of Default or materially impair the operation of the business of the Seller or any Guarantor;
- (xiv) Encumbrances and charges incidental to construction or current operations (including carrier's warehouseman's, mechanics', materialmen's and

repairmen's liens) that have not at such time been filed pursuant to law or which relate to obligations not due or delinquent provided that the claims secured thereby are being contested in good faith by such Person and adequate reserves with respect thereto are maintained on the books of such Person in accordance with IFRS and such Encumbrances do not result in an Event of Default or materially impair the operation of the business of the Seller or any Guarantor;

- (xv) the right reserved to or vested in any Governmental Body by the terms of any lease, licence, franchise, grant or permit acquired by the Seller or a Guarantor or by any statutory provision, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof, provided such Encumbrances do not result in an Event of Default or materially impair the operation of the business of the Seller or any Guarantor;
- (xvi) the restrictions, exceptions, reservations, limitations, provisos and conditions, if any, expressed in any original patents or grants from any Governmental Body, and such Encumbrances do not result in an Event of Default or materially impair the operation of the business of the Seller or any Guarantor;
- (xvii) Encumbrances on concentrates or minerals or the proceeds of sale of such concentrates or minerals arising or granted pursuant to a processing or refining arrangement entered into in the ordinary course and upon usual market terms, securing only the payment of the Seller's or any of its Subsidiary's respective portion of the fees, costs and expenses attributable to the processing of such concentrates or minerals under any such processing or refining arrangement, but only insofar as such Encumbrances relate to obligations which are at such time not past due or the validity of which are being contested in good faith by appropriate proceedings and adequate reserves with respect thereto are maintained on the books of such Person in accordance with IFRS and such Encumbrances do not result in an Event of Default or materially impair the operation of the business of the Seller or any Guarantor;
- (xviii) Encumbrances created in accordance with Section 9.12; or
- (xix) other Encumbrances agreed to in writing by the Purchasers' Agent (but subject to Section 13.1(a)(v)),

provided, however, that no Encumbrance described in (i) through (v) above shall constitute a Permitted Encumbrance if it was incurred in connection with the borrowing of money.

"Permitted Hedging Arrangements" means derivative or hedging arrangements which have been entered into for bona fide business purposes, and not for speculative purposes,

and (i) entered into prior to the Commercial Production Date, only to the extent required by the terms of the Credit Facility or a Refinancing Facility and pursuant to a hedging plan and policy approved by the Purchasers' Agent, acting reasonably, (ii) entered into following the Commercial Production Date and prior to the Deposit Reduction Date, only pursuant to a hedging plan and policy approved by the Purchasers' Agent, acting reasonably, or (iii) entered into following the Deposit Reduction Date.

"Permitted Restricted Payments" means:

- (i) regularly scheduled payments by the Seller in respect of the Equipment Financing (subject to any applicable Equipment Financing Intercreditor Agreement) and in respect of Permitted Debt under paragraphs (v) and (vii) of such definition;
- (ii) required payments by the Seller in respect of Permitted Debt under paragraph (viii) of such definition;
- (iii) payments made in respect of the repurchase of the Newmont Royalty;
- (iv) payments to (1) directors, officers or employees of the applicable Lydian Group Member in that capacity which consist of reimbursement for reasonable and ordinary course expenses related to the business of any Lydian Group Member incurred by such individual in accordance with the policies in effect governing such reimbursements, or (2) a Guarantor, whether directly or by way of management services arrangements, for other general and administrative expenses, in an aggregate amount not to exceed \$2,750,000 in any fiscal year (inclusive of (1) and (2) above);
- (v) prior to the Guarantee Release Date, payments to a Guarantor for the purpose of funding any non-Project activities by Lydian Group Members in an aggregate amount not to exceed \$250,000 in any fiscal year; and
- (vi) on and after the Guarantee Release Date: (a) while the Credit Agreement is in effect, other "Permitted Restricted Payments" allowed under the Credit Agreement, or (b) if the Credit Agreement is not in effect, other payments to Lydian Group Members or equity holders of ordinary shares of Lydian provided that:
 - (A) all operating expenses of the Seller and the Guarantors, on a consolidated basis, then due and owing have been paid in full;
 - (B) all amounts then due and owing in respect of any Debt ("third-party debt") of the Seller and the Guarantors (other than Debt owing to any Lydian Group Member) have been paid in full; and
 - (C) after giving effect to such Restricted Payment, the Seller and the Guarantors can reasonably be expected to be able to pay all

operating expenses and all amounts in respect of any third-party debt expected to come due and owing in the next 90 days,

provided that, in the case of each Permitted Restricted Payment referred to in paragraphs (ii), (iii), (v) and (vi) above, no Seller Event of Default (or event which with notice or lapse of time or both would become a Seller Event of Default) has occurred and is continuing at such time or could reasonably be expected to occur as a result of such Permitted Restricted Payment.

"Person" means and includes individuals, corporations, bodies corporate, limited or general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, banks, trust companies, Governmental Bodies or any other type of organization or entity, whether or not a legal entity.

"Pledge of Mining Rights" means the pledge of mining rights entered into between the Seller and the Collateral Agent.

"Pledge of Movable Assets" means the pledge of moveable assets entered into between the Seller and the Collateral Agent.

"Pledge of Rights" means any pledge of rights to be entered into between the Seller and the Collateral Agent.

"Pledge of Shares" means, collectively, the pledge of shares in favour of the Collateral Agent entered into by (i) Lydian Resources Armenia Limited with respect to its equity interests in the Seller, and (ii) Lydian with respect to its equity interests in Kavkaz Zoloto CJSC.

"Pledge of Turnover Property" means the pledge of turnover property entered into between the Seller and the Collateral Agent.

"Private Placement" means the private placement to be completed by Lydian with the Purchasers, their Affiliate(s) and/or assignees in conjunction with the Concurrent Public Offering for aggregate gross proceeds of \$77,600,000 in accordance with Section 3.9, with \$24,250,000 of such amount to be subscribed for by Orion Co IV (SO) Limited, its Affiliate(s) (including Orion Co IV (ED) Limited), or assignees, and \$53,350,000 of such amount to be subscribed for by Resource Capital Fund VI L.P., its Affiliate(s) or assignees.

"Processing Facilities" means the crushing plant, the heap leach facility, the adsorption, desorption and regeneration process plant and associated infrastructure and facilities to be completed in connection with the Project substantially as contemplated in the Technical Report and used to the process Minerals into doré.

"Production Interest" means any royalty, stream, participation or production interest, or any agreements that are similar to a royalty, stream, participation or production interest agreement, in each case in respect of any Minerals.

"Production Start Date" means the date of the first production of Minerals containing gold and/or silver suitable for shipment to the Refinery.

"Project" means the Amulsar gold project located in south-central Armenia approximately 170 kilometres southeast of the capital of Yerevan, as described in the Mine Plan, and including the exploration, construction, development, mining, production, processing, recovery, sale, transportation, storage and delivery operations in respect thereof.

"Project Agreements" means all Contracts listed in Schedule J and all other Contracts of any Lydian Group Member relating to (i) the ownership, lease or use of the Project or the Project Property, (ii) the development, construction and mining operations of the Project, (iii) the sale or disposition of mineral production from the Project, including sales, royalty, streaming and off-take agreements and other similar arrangements, and (iv) any option, right of first refusal or right, title, interest, reservation, claim, rent, royalty, or payment in the nature of rent or royalty, or right capable of becoming an option, right of first refusal or right, title, interest, reservation, claim, rent, royalty, or payment in the nature of rent or royalty, in respect of the Project Property, or the mineral production or proceeds therefrom, in each case, whether entered into prior to or after the date of this Agreement.

"Project Authorizations" means all Authorizations and Other Rights (including environmental Authorizations) necessary for (i) the development, construction and mining operations of the Project, and (ii) the commencement and ongoing operation of commercial production transactions.

"Project Costs" means all capital expenditures incurred by any Lydian Group Member for the purposes of developing the Project, including escalation, contingencies, initial working capital, taxes, duties, expenditures for plant equipment, spares and other capital goods, inventory, capital expenditures required to maintain the Project at its design capacity (including repairs and replacements funded by insurance proceeds), interest during construction, financing fees and expenses and other development costs, as set out in the Construction Budget.

"Project Drilling Plan" means a plan prepared by or on behalf of the Seller setting forth the grade control and infill drilling program for the Project, as amended or supplemented from time to time.

"Project Property" means all of the property, assets, undertaking and rights of the Lydian Group Members in and relating to the Project, whether now owned or existing or hereafter acquired or arising, including real property, personal property and mineral interests, and specifically including, but not limited to: (i) the Project Real Property; (ii) all accounts, instruments, chattel paper, deposit accounts, documents, intangibles, goods (including inventory, equipment and fixtures), money, letter of credit rights, supporting obligations, claims, causes of action and other legal rights and investment property; (iii) all products, proceeds (including proceeds of proceeds), rents and profits of the

foregoing; and (iv) all books and records of the Lydian Group Members related to any of the foregoing.

“Project Real Property” means all real property interests, all mineral claims, mineral leases and other mineral rights, concessions and interests, and all surface access rights held by any Lydian Group Member relating to the Project (which as of the date hereof, are as set forth in Schedule Y), and all buildings, structures, improvements, appurtenances and fixtures thereon or attached thereto, whether created privately or by the action of any Governmental Body. “Project Real Property” shall also include any term extension, renewal, replacement, conversion or substitution of any such real property interests, mineral claims, mineral leases, mineral rights, concessions or interests, and surface access rights, owned or in respect of which an interest is held, directly or indirectly, by any Lydian Group Member at any time during the term of this Agreement, whether or not such ownership or interest is held continuously.

“Project Schedule” means the schedule for the construction of the Project as approved by the Board from time to time, the current version of which is set forth at Schedule K, as the same may be amended from time to time in accordance with the terms of this Agreement.

“PSA Entity” means from time to time, Lydian International Holdings Limited, Lydian Resources Armenia Limited and any other Person (now or hereafter formed or acquired) that holds or acquires directly or indirectly any interest in the Seller or the Project Property, provided if any such Person transfers or otherwise ceases to hold any direct or indirect interest in the Seller or the Project Property in accordance with Article 8, it will cease to be a PSA Entity for the purposes of this Agreement and the other Stream Documents. Lydian or a Person directly or indirectly holding an interest in Lydian who does not otherwise hold an interest, directly or indirectly, in the Seller or the Project Property shall not be considered a PSA Entity for the purposes of this Agreement.

“Public Disclosure Documents” means, collectively, all of the documents which have been filed by or on behalf of Lydian with the relevant Securities Regulators pursuant to the requirements of Securities Laws, including all documents publicly available on Lydian’s SEDAR profile.

“Purchase Money Obligations” means the outstanding balance of the purchase price of real and/or personal property, title to which has been acquired or will be acquired upon payment of such purchase price, or indebtedness to non-vendor third parties incurred to finance the acquisition of such new and not replacement real and/or personal property, or any refinancing of such indebtedness or outstanding balance.

“Purchaser Assignment Agreement” means an assignment agreement in the form attached as Schedule L.

“Purchaser Event of Default” has the meaning set out in Section 12.1.

“Purchaser’s Share” means, at any given time, in respect of each Purchaser, the percentage of such Purchaser’s funded Commitments in relation to the total amount of

the Deposit that has been funded at such time, as set out in Schedule C, as may be updated from time to time in accordance with this Agreement; provided that such Purchaser's entitlement to receive any payment or delivery from the Seller or any other Lydian Group Member shall be reduced or increased, as applicable in accordance with the terms of the Agreement, on account of any Taxes applicable to such Purchaser, such that the amounts received by the other Purchasers is not affected thereby.

"Purchasers" means the Purchasers party hereto from time to time as set forth in Schedule C, as may be updated from time to time in accordance with this Agreement and **"Purchaser"** means any one of them, as the context so requires.

"Purchasers' Agent" means Osisko Bermuda Limited, in its capacity as agent for the Purchasers under this Agreement, or any successor Purchasers' Agent appointed by the Majority Purchasers in accordance with Section 13.3.

"Real Property" means the Project Real Property and all other real property interests, mineral claims, mineral leases and other mineral rights, concessions and interests, and all surface access rights held by any Lydian Group Member and all buildings, structures, improvements, appurtenances and fixtures thereon or attached thereto, whether created privately or by the action of any Governmental Body (which, as of the date hereof, to the extent not constituting Project Real Property, are as set forth in Schedule M).

"Receiving Party" has the meaning set out in Section 6.8(a).

"Reduction Date" has the meaning set out in Section 2.8(c).

"Refinancing Facility" means any credit facility, bonds, debentures, notes or other similar instruments, the net proceeds of which are used to replace, refinance, defease or discharge the Credit Facility (or any other Refinancing Facility), provided that (i) the principal amount of such Debt available under such Refinancing Facility does not exceed the principal amount of the Debt so replaced, refinanced, defeased or discharged (plus the amount of all fees, and expenses and premiums incurred in connection therewith), unless such Refinancing Facility will fund a reduction election pursuant to Section 2.8, in which case the principal amount of such Debt available under such Refinancing Facility shall not exceed the principal amount of the Debt so replaced, refinanced, defeased or discharged (plus the amount of all fees, and expenses and premiums incurred in connection therewith) plus the amount of any such Debt to be used to fund such reduction election (plus the amount of all fees, and expenses and premiums incurred in connection therewith); (ii) such Refinancing Facility has a maturity date which is on or after the maturity date of the Debt being replaced, refinanced, defeased or discharged, and a weighted average life to maturity equal to or greater than the Debt being replaced, refinanced, defeased or discharged; (iii) such Refinancing Facility has an interest rate which is equal to or lower than the interest rate of the Debt being replaced, refinanced, defeased or discharged, and (iv) if such Refinancing Facility is secured against the Collateral, the lenders or holders thereunder have agreed to be bound by an intercreditor agreement with the Purchasers which is (x) substantially on the same terms and conditions as the Credit Facility Intercreditor Agreement or (y) otherwise at least as

favourable to the Purchasers (as determined by the Purchasers' Agent acting reasonably) as the Credit Facility Intercreditor Agreement.

"Refined Gold" means marketable metal bearing material in the form of gold bars or coins that is refined to standards meeting or exceeding 995 parts per 1,000 fine gold, and otherwise conforming to the London Bullion Market Association specifications for good delivery.

"Refined Silver" means marketable metal bearing material in the form of silver bars or coins that is refined to standards meeting or exceeding 999 parts per 1,000 fine silver, and otherwise conforming to the London Bullion Market Association specifications for good delivery.

"Refinery" means any Acceptable Refinery chosen by the Seller from time to time, provided that the Seller has given the Purchasers at least 10 Business Days' written notice of such choice, accompanied by all documentation required to be delivered to the Purchasers under Section 6.2 in respect of such refinery. For the purposes of the foregoing, an **"Acceptable Refinery"** means a refinery that is recognized by the London Bullion Market Association (or a successor satisfactory to the Purchasers' Agent) at the relevant time as producing gold and silver bars meeting specifications for good delivery, or any other refinery as agreed to by the Seller and the Purchasers' Agent in writing from time to time.

"Related Party" means, with respect to any Person (the "first named Person"), any Person that does not deal at arm's length with the first named Person or is an Associate of the first named Person and, in the case of any Lydian Group Member includes: (a) any director, officer, employee or Associate of Lydian or any of its Affiliates, (b) any Person that does not deal at arm's length with Lydian or any of its Affiliates, and (c) any Person that does not deal at arm's length with, or is an Associate of, a director, officer, employee or Associate of Lydian or any of its Affiliates.

"Restricted Payment" means, with respect to the Seller or any Guarantor, any payment by such Person to any other Person (a) of any dividends or any other distribution on any shares of its capital or other equity interests, (b) on account of, or for the purpose of setting apart any property for a sinking or other analogous fund for, the purchase, redemption, retirement or other acquisition of any shares of its capital or other equity interests or any warrants, options or rights to acquire any such shares, (c) of any principal of, or interest or premium on, or of any amount in respect of a sinking or analogous fund or defeasance fund for, any Debt of such Person ranking in right of payment *pari passu* with or subordinate to the Stream Obligations, or (d) of any management, consulting or similar fee, or any material bonus or comparable payment, or material payment by way of gift or other gratuity, to any Related Party.

"Royalties" means the royalties set out in Schedule N.

"Sale-Leaseback" means an arrangement under which title to any property or an interest therein is transferred by or on the direction of a Person ("X") to another Person which